中國宏泰產業市鎮發展有限公司

China VAST Industrial Urban Development Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 6166

GLOBAL OFFERING

Joint Sponsors

Morgan Stanley   中信証券國際 CITIC Securities International

Joint Global Coordinators

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

China VAST Industrial Urban Development Company Limited
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(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**328,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	**:**	**32,800,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**295,200,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$3.75 per Offer Share (payable in full on application, plus a brokerage of 1.0%, an SFC transaction levy of 0.003% and a Hong Kong Stock Exchange trading fee of 0.005% and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**6166**

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時富證券有限公司 Celestial Securities Limited

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 paragraph headed "Documents delivered to the registrar of companies in Hong Kong and available for inspection" in Appendix VI to this prospectus, 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 of Hong Kong and the registrar of companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at the Price Determination Date. The Price Determination Date is expected to be on or around August 18, 2014 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters), but in any event no later than August 21, 2014.

The Offer Price will be not more than HK$3.75 per Offer Share and is currently expected to be not less than HK$2.75 per Offer Share. Investors applying for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK$3.75 per Offer Share, unless otherwise announced, together with a brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$3.75. The Joint Global Coordinators (for themselves and on behalf of the Underwriters), with the consent of our Company, may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative offer price range will be published in China Daily (in English) and the Hong Kong Economic Times (in Chinese) and on the website of The Stock Exchange of Hong Kong Limited and our website not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Public Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before August 21, 2014, the Global Offering will not proceed and will lapse.**

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

Pursuant to the termination provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Global Coordinators, for themselves and on behalf of the Underwriters, have the right in certain circumstances, in the sole discretion of the Joint Global Coordinators, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the date when dealings in our Shares first commence on The Stock Exchange of Hong Kong Limited (such first dealing date is currently expected to be August 25, 2014). Further details of the terms of the termination provisions are set out in the paragraph headed "Grounds for Termination of the Hong Kong Underwriting Agreement" under the section headed "Underwriting" 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 the Offer Shares may be offered, sold or delivered (i) within the United States in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A under the U.S. Securities Act or another exemption from registration under the U.S. Securities Act; and (ii) in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

August 13, 2014

Our Company will issue an announcement in Hong Kong to be published in China Daily (in English) and Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Monday, August 18, 2014
Application lists open[3]	11:45 a.m. on Monday, August 18, 2014
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[4]	12:00 noon on Monday, August 18, 2014
Latest time to complete payment of **White Form eIPO** applications effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Monday, August 18, 2014
Application lists close[3]	12:00 noon on Monday, August 18, 2014
Expected Price Determination Date[5]	Monday, August 18, 2014
Announcement of the Offer Price, the level of indication of interest in the International Offering, the level of applications in respect of the Hong Kong Public Offering and the basis of allotment under the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) to be published in China Daily (in English) and the Hong Kong Economic Times (in Chinese) and on our website at **www.vastiud.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or before	Friday, August 22, 2014
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Public Offer Shares – Publication of Results" from	Friday, August 22, 2014
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Friday, August 22, 2014

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6] . . . . Friday, August 22, 2014

Despatch of White Form e-Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[7] [8] . . . . Friday, August 22, 2014

Dealings in Shares on the Hong Kong Stock Exchange to commence on . . . . Monday, August 25, 2014

Notes:

(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering".

(2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website, **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 a payment reference number from the designated website 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 "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, August 18, 2014, the application lists will not open and close on that day. Further information is set out in "Effect of Bad Weather on the Opening of the Application Lists" under the section headed "How to Apply for the Hong Kong Public Offer Shares" in this prospectus. If the application lists do not open and close on Monday, August 18, 2014, the dates mentioned in this section may be affected. A press announcement will be made by our Company in such event.

(4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "Applying by Giving Electronic Application Instructions to HKSCC via CCASS" under the section headed "How to Apply for the Hong Kong Public Offer Shares" in this prospectus.

(5) Please note that the Price Determination Date is expected to be on or around Monday, August 18, 2014. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the underwriters) on or before Thursday, August 21, 2014 the Global Offering will not proceed and will lapse.

(6) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Friday, August 22, 2014 but will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the sub-paragraph headed "Grounds for Termination of the Hong Kong Underwriting Agreement" under the section headed "Underwriting" in this prospectus has not been exercised and has lapsed. Investors who trade the Hong Kong Public Offer Shares on the basis of publicly available allocation details before the receipt of their share certificates or before the share certificates becoming valid certificates of title do so entirely at their own risk.

(7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more and have provided all required information may collect refund cheques (if applicable) and share certificates (if applicable) in person from the 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 Friday, August 22, 2014. Identification and (where applicable) authorization documents acceptable to the share registrar must be produced at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Hong Kong Public Offer Shares or more may collect their refund cheques (if applicable) in person but may not collect in person their share certificates which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. 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 through the **White Form eIPO** service by paying the application monies through a single bank account may have White Form e-Refund payment instructions (if any) despatched to their application payment bank account on Friday, August 22, 2014. Applicants who have applied through the **White Form eIPO** service by paying the application monies through multiple bank accounts may have refund cheque(s) sent to the address specified in their application instructions through the **White Form eIPO** Service, on Friday, August 22, 2014, by ordinary post and at their own risk.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for the Hong Kong Public Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

For further details in relation to the Hong Kong Public Offering, see the sections headed "How to Apply for the Hong Kong Public Offer Shares" and "Structure of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Public Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale 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. Information contained on our website, located at www.vastiud.com, does not form part of this prospectus.

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

CONTENTS

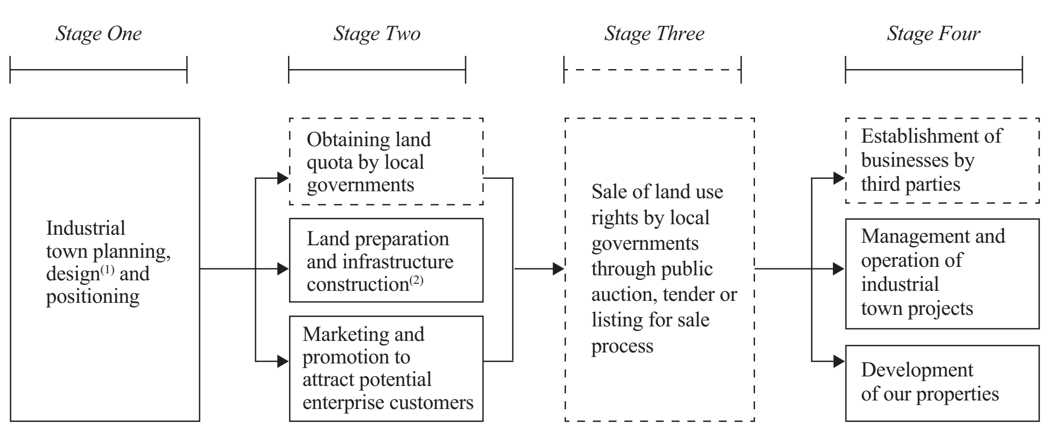
This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus (including the appendices hereto, which constitute an integral part of this prospectus) 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 out in the section headed "Risk Factors" in this prospectus. You should read this section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are one of the pioneer service providers in the planning, development and operation of large-scale industrial towns (產業市鎮) in China, according to JLL. Our primary business focus, being industrial town development business, significantly differentiates us from a traditional property developer. When we commenced development of Longhe Park, our first industrial town project, in 2005, there were very few market players in the PRC offering a similar range of services, and industrial towns only became a development model to drive China's urbanization process in the recent decade, according to JLL. We currently co-operate with certain local governments in Hebei and Anhui provinces in relation to development of four industrial town projects. We focus on development of large-scale industrial towns with a land area of 10.0 million sq.m. or above. As one of the pilot models to drive China's urbanization process, an industrial town typically hosts a cluster of enterprises with selected common industry themes, together with supporting facilities such as logistics, residential and commercial properties, creating a fully integrated working and living community for its residents (產城一體). In addition to our industrial town development business, we also develop and invest in residential, commercial and industrial properties in both our industrial town projects and other areas in Hebei province, which accounted for only a portion of our total revenue during the Track Record Period.

DISTINCTIVE BUSINESS MODEL

The following diagram illustrates our current business model with respect to our development of industrial town projects. For details, see "Business – Distinctive Business Model – Overview" on page 167.



Notes:

* Activities in dotted line text boxes represent those conducted by third parties, and activities in solid line text boxes represent those conducted by us.

(1) Industrial town planning and design is conducted by our planning and design department in collaboration with architecture firms and town planning experts.
(2) All of our infrastructure construction works are currently subcontracted to Independent Third Party contractors.

As a key part of our industrial town business, we (i) plan and design industrial towns and position industrial towns with selected industry themes, (ii) convert land planned for development under our co-operation agreements into land suitable for sale by the local governments, (iii) promote the sale of such land to attract target customers to set up businesses in our industrial town projects, and (iv) provide or make available follow-up management and operation services to enterprise customers in our industrial towns. Among all these activities, land preparation and infrastructure construction for conversion of land planned for development into land suitable for sale by the local governments, which constitute one step of our industrial town development, involve primary land development. Our planning and design department collaborates and works closely with architecture firms and town planning experts in the design and planning of our industrial town projects, and all of our infrastructure construction works are currently subcontracted to Independent Third Party contractors. In addition, under our cooperation agreements with the local governments, we are required to make payments to the local governments in connection with the demolition and relocation process, which is responsible by the local governments, solely for them to compensate the incumbent residents and businesses. The local governments (i) deal with the actual demolition, relocation and compensation process, if applicable, (ii) obtain the land quota and have land use rights publicly auctioned, tendered or listed for sale, and (iii) retain the ordinary municipal administration of the industrial towns developed by us. Depending on our service scope, in consideration of our land preparation, infrastructure construction, marketing and promotional activities, we primarily receive the following types of revenue from local governments:

(i) lump-sum fee income calculated with reference to a portion of the sale proceeds of each land of our industrial town projects sold by the local government; and

(ii) recurring revenue, on a regular basis during the term of the co-operation agreements, calculated with reference to a specified portion of the taxes paid by the resident enterprises in our industrial town projects.

All of the revenue we receive from the local governments has been authorized and approved by competent PRC government authorities.

Due to the nature of our business model, our business is associated with certain risks. In particular, we do not own the legal title of the land developed by us unless we obtain such legal title through public auction, tender or listing for sale process; we do not decide on the exact timing of the sale and pricing of land use rights in the industrial town projects we develop; and as we cannot accurately ascertain the expropriation and relocation costs for our industrial town projects, we may not be able to control these costs, thus our return for such projects may not be sufficient to meet these costs. In addition, our execution of development plan of industrial town projects depends on our co-operation relationship with the relevant local governments. We currently have a limited number of industrial town projects, and all of our fee income derived from development of industrial town projects during the Track Record Period was from our development of Longhe Park. For details, see "Risk Factors" starting on page 35.

During the Track Record Period, we also obtained land use rights of selected land sites in Longhe Park and other areas to develop our own residential, commercial and industrial properties for further sale or rent to our customers. Our existing and future business focus is industrial town development, and we intend to selectively develop properties in or near our industrial town projects, after considering the economic potentials of the sites.

RELATIONSHIP WITH THE LOCAL GOVERNMENTS

Due to the nature of our industrial town development business, co-operation with the relevant local governments is essential, and our prospects and profitability will continue to depend on our co-operation relationship with them. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, our fee income derived from development of industrial town projects was RMB693.2 million, RMB93.1 million, RMB1,025.4 million, RMB266.8 million and RMB174.1 million, respectively, or 57.7%, 19.9%, 84.5%, 99.2% and 55.7% of our total revenue during the same periods, all relating to our development of Longhe Park in Anci District of Langfang, Hebei province. Anci government is the competent authority governing the administrative matters within Anci District of Langfang and Longhe Park is part of the area governed by Anci government.

We are exposed to risks relating to the co-operation agreements which we entered into with the local governments. For details, see "Risk Factors – Risks Relating to Our Business and Industries – Our business model depends on maintaining good working relationships with PRC local governments and we are exposed to risks associated with entering into co-operation agreements with them" on page 35 of this prospectus. However, we believe it is commercially viable for us, and in our best interest, to continue to co-operate with the relevant local governments, and these risks are mitigated due to a number of factors:

- *Long-term co-operation agreements.* We have entered into long-term co-operation agreements with the relevant local governments. Our Longhe Agreement, for the development of Longhe Park and Longhe Resort, has a term of 50 years. Our Guangyang Agreement, for the development of Guangyang Park, has a term of 15 years. Our Chuzhou Agreement does not specify a term. These agreements enable us to secure a long-term co-operation relationship with the relevant local governments and give rise to a sustainable revenue stream. In addition, we are authorized on an exclusive basis to develop Longhe Park and Longhe Resort. Such collaboration reduces competition and provides us with a more predictable income such that we can manage our cash flow and mitigate financing-related risks.

- *Multiple revenue streams.* In addition to our development of industrial town projects, we are also engaged in the development and sale of properties and lease of properties to individual and corporate customers. These businesses help us to capture synergies from our industrial town development business and establish additional sources of revenue and cash flows to fund our operations and growth.

- *Develop industrial town projects in other areas.* Subsequent to our success in the development of Longhe Park, we were invited by the local governments of Guangyang District of Langfang, Hebei province and Chuzhou, Anhui province, to develop Guangyang Park and conduct marketing and promotional activities for Chuzhou Park. We intend to devote considerable time and resources towards identifying marketing opportunities in other areas in China. We are currently closely studying the urban areas within the "Two

Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) proposed by the PRC central government, and intend to seize opportunities to expand into these areas with a focus on the Beijing-Tianjin-Hebei region. For details, see "Business – Strategies – With roots in the Beijing-Tianjin-Hebei region, seek further market opportunities in other selected areas in China" on page 174 of this prospectus.

PROJECT PORTFOLIO

Industrial Town Projects

The following table sets forth selected information of our industrial town projects as of the Latest Practicable Date. With respect to our development of Longhe Park and Longhe Resort, fees payable to us are calculated with reference to a percentage of land sale proceeds and a percentage of taxes paid by resident enterprises. With respect to our development of Guangyang Park, fees payable to us are a portion of the net land sale proceeds representing the sum of our actual investment amount with a pre-agreed return, and a portion of the remaining net land sale proceeds in accordance with our equity interest in the relevant project company. With respect to our marketing activities for Chuzhou Park, fees payable to us are calculated with reference to net sale proceeds of a certain size of land sites designated for residential and commercial uses.

Industrial town project[1]	Status	Scope of services	Estimated investment costs and development plan
Longhe Park *Location:* Langfang, Hebei province *Planned site area:* 28.0 million sq.m.	Progressing towards an active development stage	Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	We estimate to incur RMB459 million and RMB509 million to complete land preparation and infrastructure construction of approximately 700,000 sq.m. and 747,000 sq.m. of land in 2014 and 2015, respectively, and intend to devote significant resources on marketing activities to facilitate sale of most of such land by the local government.
Longhe Resort *Location:* Langfang, Hebei province *Planned site area:* 9.5 million sq.m.	Binding agreement signed; land preparation and infrastructure construction not yet commenced	Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	We estimate to incur RMB270 million and RMB270 million to complete land preparation and infrastructure construction of approximately 133,000 sq.m. and 268,000 sq.m. of land in 2014 and 2015, respectively, and intend to devote significant resources on marketing activities to facilitate sale of most of such land by the local government.

Industrial town project[1]	Status	Scope of services	Estimated investment costs and development plan
Guangyang Park[2] *Location:* Langfang, Hebei province *Planned site area:* 15.0 million sq.m.	Binding agreement signed; land preparation and infrastructure construction not yet commenced	Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	We estimate to incur RMB nil and RMB80 million for the early stage investment of the project, including planning and design, initial infrastructure construction activities, in 2014 and 2015, respectively.
Chuzhou Park *Location:* Chuzhou, Anhui province *Planned site area:* 15.0 million sq.m.	Binding agreement signed; marketing activities commenced	Marketing	We estimate to incur RMB8.5 million and RMB8.5 million on marketing activities to facilitate sale of 300,000 sq.m. and 633,000 sq.m. of land in 2014 and 2015, respectively, by the local government.

Notes:

(1) We have set up a project company with an affiliated entity of the Langfang local government, of which we hold 49% of the equity interest, to develop Guangyang Park. Development of Longhe Park, Longhe Resort and Chuzhou Park is conducted by our wholly-owned subsidiaries.

(2) The development of Guangyang Park is subject to certain uncertainties. For details, see "Business – Our Industrial Town Projects – Guangyang Park" on page 219 and "Risk Factors – Risks Relating to Our Business and Industries – Our development plan of Guangyang Park may be subject to changes" on page 41 of this prospectus.

The following table sets forth the movement of land with land quota obtained in Longhe Park during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
	sq. m.	sq. m.	sq. m.	sq. m.
Land with land quota obtained at beginning of period	2,339,877	2,381,628	2,321,031	2,066,872
Addition of land with land quota obtained	1,276,233	543,775	481,259	–
Land sold by the local government	(1,234,482)	(604,372)	(735,418)	(101,332)
Land with land quota obtained at end of period	2,381,628	2,321,031	2,066,872	1,965,540

The following table sets forth an aging analysis of land with land quota obtained in Longhe Park as of the dates indicated.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	sq. m.	sq. m.	sq. m.	sq. m.
Less than 1 year	1,276,233	543,775	769,188	458,746
1–2 years	577,599	1,276,233	233,333	543,775
2–3 years	527,796	501,023	1,064,351	675,810
3–4 years	–	–	–	287,209
	2,381,628	2,321,031	2,066,872	1,965,540

The following table sets forth the movement of land that is ready for sale in Longhe Park, representing the land with land quota obtained and land preparation and infrastructure construction completed, during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
	sq. m.	sq. m.	sq. m.	sq. m.
Land that is ready for sale at the beginning of period	1,498,194	1,143,292	1,276,357	1,539,223
Addition of land that is ready for sale	879,580	737,437	998,284	–
Land sold by the local government	(1,234,482)	(604,372)	(735,418)	(101,332)
Land that is ready for sale at end of period	1,143,292	1,276,357	1,539,223	1,437,891

The following table sets forth an aging analysis of land that is ready for sale in Longhe Park as of the dates indicated.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	sq. m.	sq. m.	sq. m.	sq. m.
Less than 1 year	879,580	737,437	935,072	736,950
1–2 years	263,712	538,920	604,151	700,941
	1,143,292	1,276,357	1,539,223	1,437,891

The table below sets forth details regarding land sold by local government, the relevant average selling price, land premium, and a breakdown of our fee income in 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014.

	Land sold by local government	ASP sold by local government	Land premium	Our fee income (before intra-group eliminations)		Intra-group eliminations(1)	Our fee income (after intra-group eliminations)	
	sq.m.	RMB/sq.m.	RMB'000	RMB'000(2)	% of land premium	RMB'000	sq.m.	RMB'000
2011								
Industrial land	854,259	334	285,370	145,994	51.2%	(37,454)	728,883	108,540
Residential and commercial land	380,223	2,800	1,064,586	671,360	63.1%	(86,692)	367,557	584,668
Subtotal	**1,234,482**	**1,094**	**1,349,956**	**817,354**	**60.5%**	**(124,146)**	**1,096,440**	**693,208**
2012								
Industrial land	565,635	348	197,020	98,933	50.2%	(16,208)	503,196	82,725
Residential and commercial land	38,737	3,435	133,068	96,111	72.2%	(85,751)	5,770	10,360
Subtotal	**604,372**	**546**	**330,088**	**195,044**	**59.1%**	**(101,959)**	**508,966**	**93,085**
2013								
Industrial land	172,137	364	62,700	51,550	82.2%	(19,596)	109,223	31,954
Residential and commercial land	563,281	2,668	1,502,596	993,489	66.1%	–	563,281	993,489
Subtotal	**735,418**	**2,128**	**1,565,296**	**1,045,039**	**66.8%**	**(19,596)**	**672,504**	**1,025,443**
Three months ended March 31, 2013								
Industrial land	62,429	370	23,100	18,014	78.0%	–	62,429	18,014
Residential and commercial land	162,968	2,424	395,000	248,828	63.0%	–	162,968	248,828
Subtotal	**225,397**	**1,855**	**418,100**	**266,842**	**63.8%**	**–**	**225,397**	**266,842**
Three months ended March 31, 2014								
Industrial land	–	–	–	–	–	–	–	–
Residential and commercial land	101,332	2,837	287,500	174,079	60.5%	–	101,332	174,079
Subtotal	**101,332**	**2,837**	**287,500**	**174,079**	**60.5%**	**–**	**101,332**	**174,079**

Notes:

(1) Represents fee income that shall be eliminated upon combination within our Group as a result of our purchase of land use rights in Longhe Park.

(2) The difference between the land premium and our fee income (before intra-group eliminations) primarily represents deductions of (i) taxes and fees paid to the local governmental authorities including agricultural land development fund (農業土地開發基金), land income fund (土地收益基金), land assignment business expenses (土地出讓業務費), rural land use tax (耕地佔用稅) (applicable before April 2012), low-income housing construction fund (保障性住房建設資金) (applicable after January 2012), construction fee (鐵路建設費) (applicable after January 2011 for residential and commercial land) and certain fund required by the local finance authority (applicable after November 2012 for residential and commercial land), the amounts of which are determined according to applicable PRC laws and regulations; and (ii) costs of subsidies paid by the management committee of Longhe Park to certain enterprises that have established their businesses in Longhe Park, details of which are set forth in "Business – Our Industrial Town Projects – Longhe Park – Agreement with the management committee of Longhe Park" on page 213 of this prospectus.

Property Development

The following table sets forth an overview of our properties as of May 31, 2014.

Project	Completed		Under development			Future development	Group's interest in the project as of the valuation date[(4)]
	GFA completed	Saleable GFA unsold[(1)]	GFA under development	Saleable GFA	Pre-sold GFA[(2)]	Planned GFA	
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
By location							
Langfang (廊坊)							
Properties located within Longhe Park	231,931	189,607	282,523	270,621	–	623,356	100%
Properties located in other areas of Langfang[(3)]	443,504	76,860	134,701	121,325	–	197,943	100%
Langfang Sub-total	675,435	266,468	417,224	391,946	–	821,300	
Chengde (承德)							
Properties located within Chengde	–	–	157,113	153,003	68,380	599,711	100%
Tangshan (唐山)							
Properties located within Tangshan	–	–	–	–	–	203,800	100%
Total	675,435	266,468	574,336	544,949	68,380	1,624,811	
By type of properties							
Residential	517,489	194,010	306,669	306,669	63,569	878,973	
Commercial	69,589	33,653	47,333	47,333	1,647	138,603	
Industrial	–	–	77,195	77,195	–	193,337	
Ancillary areas	88,356	38,805	143,139	113,751	3,164	413,897	
Total	675,435	266,468	574,336	544,949	68,380	1,624,811	

Notes:

(1) "Saleable GFA unsold" refers to the total completed GFA minus (i) completed GFA sold and delivered to the customers and (ii) unsaleable GFA (including (a) the GFA of properties for which we have entered into the property purchase agreements with our customers, but have not yet been delivered and (b) the GFA of properties which have not been contracted for sale).

(2) "Pre-sold GFA" refers to the GFA of contracted sale which has not yet been delivered.

(3) With respect to one project in Langfang, Shangshi Jiahua (尚世嘉華), we have entered into land grant contract but have not obtained land use rights certificate for land of 32,000 sq.m. as we are in the process of obtaining a new land use right certificate for land parcel of 25,600 sq.m. for residential purposes and a new land use right certificate for land parcel of 6,400 sq.m. for commercial purposes.

(4) "Group's interest in the project as of the valuation date" refers to the Group's effective equity interest in the respective project companies as of the valuation date set forth in the "Property Valuation Report" in Appendix III.

The following table sets forth the GFA sold, GFA of contracted sale and ASP of our properties (all excluding the ancillary areas and car park units) for the years ended December 31, 2011, 2012 and 2013 and the five months ended May 31, 2014. The total GFA of contracted sale represents the total GFA of properties for which we have entered into the property purchase agreements with our customers, irrespective of whether such properties have been completed or delivered. The ASP of our properties in each location represents the revenue generated from such property divided by the GFA of such property sold and delivered by us.

	2011			2012			2013			Five months ended May 31, 2014		
Project	**GFA of contracted sale**	**GFA Sold**	**ASP**	**GFA of contracted sale**	**GFA Sold**	**ASP[(1)]**	**GFA of contracted sale**	**GFA Sold**	**ASP[(2)]**	**GFA of contracted sale**	**GFA Sold**	**ASP[(3)]**
	(sq.m.)	**(sq.m.)**	**(RMB/ sq.m.)**	**(sq.m.)**	**(sq.m.)**	**(RMB/ sq.m.)**	**(sq.m.)**	**(sq.m.)**	**(RMB/ sq.m.)**	**(sq.m.)**	**(sq.m.)**	**(RMB/ sq.m.)**
By location												
Langfang (廊坊)												
Properties located within Longhe Park	22,918	18,396	6,815	48,006	35,379	8,232	58,431	660	7,083	12,980	4,373	15,362
Properties located in other areas of Langfang	18,948	57,826	6,762	26,003	6,774	11,522	31,436	34,821	5,110	14,518	22,101	5,916
Langfang Sub-total	41,866	76,222	6,774	74,008	42,153	8,761	89,867	35,480	5,147	27,499	26,474	7,477
Chengde (承德)												
Properties located within Chengde	–	–	–	15,359	–	–	42,760	–	–	7,097	–	–
Tangshan (唐山)												
Properties located within Tangshan	–	–	–	–	–	–	–	–	–	–	–	–
Total	41,866	76,222	6,774	89,367	42,153	8,761	132,627	35,480	5,147	34,596	26,474	7,477

Notes:

(1) The average selling price of properties we delivered (excluding ancillary area and car park units) in Langfang increased from RMB6,774 per sq.m. in 2011 to RMB8,761 per sq.m. in 2012, primarily because for Yihejiayuan Block A (頤和佳苑A區) and Mingren Garden (名人小區), which were both delivered in 2011 and 2012, the properties sold in 2012 were more expensive, primarily as a result of (i) a higher proportion of commercial property units with higher selling price in comparison with residential property units were completed and delivered in 2012, and (ii) the price of the commercial sections in these projects has increased due to the gradual completion of comprehensive surrounding infrastructure.

(2) The average selling price of properties we delivered (excluding ancillary area and car park units) in Langfang decreased from RMB8,761 per sq.m. in 2012 to RMB5,147 per sq.m. in 2013, primarily because (i) Hongtai Meishuguan Phase I (宏泰美樹館一期), the major property that we delivered in 2013, had a relatively low average selling price mainly due to its location and our strategy to price such property competitively in order to gain market share, and (ii) properties with a higher average selling price were not delivered in 2013.

In addition, the average selling price of properties (excluding ancillary area and car park units) for Mingren Garden (名人小區) decreased from RMB11,498 per sq.m. in 2012 to RMB8,157 per sq.m. in 2013, primarily because the price of commercial property units completed and delivered in 2013 was lower due to these units' location and size, and we priced these property units competitively at the later stage of this project.

(3) The average selling price of properties we delivered (excluding ancillary area and car park units) in Langfang increased from RMB5,147 per sq.m. in 2013 to RMB7,477 per sq.m. for the five months ended May 31, 2014, primarily because Hongtai Longdi (宏泰龍邸), one of the major properties that we delivered during the five months ended May 31, 2014, had a relatively high average selling price because all properties delivered for this project were commercial property units which represented a higher average selling price as compared to residential property units. The average selling price of properties (excluding ancillary area and car park units) for Hongtai Meishuguan Phase I (宏泰美樹館一期) increased from RMB5,118 per sq.m. in 2013 to RMB5,890 per sq.m. for the five months ended May 31, 2014 primarily because the market price of properties has increased gradually in 2014.

COMPETITIVE STRENGTHS

- We are a pioneer service provider in the planning, development and operation of large-scale industrial towns, having established a distinctive business model, proven track record and renowned reputation in China.
- We have substantial experience in co-operating with local governments to address their specific urbanization needs.
- We possess strong capabilities in attracting businesses and investment to industrial towns, and have established strategic cooperation relationship with many high quality enterprise customers.
- Our industrial town projects have a large land size for future development and sale with significant potential for value appreciation.
- We provide comprehensive services to enterprises and residents to support a sustainable and steady growth of our industrial town projects.
- We have an experienced management team with vision and a strong focus on execution to ensure our long-term growth.

STRATEGIES

- Continue to enhance the land value and thus the profitability of current projects
- With roots in the Beijing-Tianjin-Hebei region, seek further market opportunities in other selected areas in China
- Enhance our designing, planning, managing and operating capabilities of industrial town projects
- Enhance our brand awareness and promote our industrial town projects
- Enhance our capability to attract and retain top talent

SHAREHOLDERS' INFORMATION

Controlling Shareholders

Immediately after completion of the Global Offering (assuming the Listing occurs within 12 months from the Issue Date, the Over-allotment Option is not exercised and an Offer Price of HK$3.25 per Share, being the mid-point of the indicative Offer Price range), Ms. Zhao Ying, through Profit East, will be interested in approximately 72.05% of our Company's issued share capital. As such, Profit East and Ms. Zhao Ying will continue to be our Controlling Shareholders after Listing.

Pre-IPO Investment

In February 2014, Chance Talent, a wholly-owned subsidiary of CCBI Investments and an Independent Third Party, entered into a subscription agreement with Profit East, Ms. Zhao and Mr. Wang, the spouse of Ms. Zhao, pursuant to which Chance Talent subscribed the Exchangeable Bonds issued by Profit East. Chance Talent enjoyed certain special rights as set out in "History, Development and Reorganization – Investment by Our Pre-IPO Investor" on page 147, all of which will be terminated upon Listing. Immediately prior to the Listing, all the then outstanding Exchangeable Bonds will be exchanged into Shares to be transferred from Profit East. Since the shareholding of Chance Talent in our Company will be less than 10% immediately after completion of the Global Offering, the Shares held by Chance Talent would be counted towards part of the public float. For details of the pre-IPO investment, see "History, Development and Reorganization – Investment by Our Pre-IPO Investor" on page 147.

RISK FACTORS

There are a number of risk factors involved in our operations, including:

- Our business model depends on maintaining good working relationships with PRC local governments and we are exposed to risks associated with entering into co-operation agreements with them.
- We do not decide on the exact timing of the sale of land use rights in the industrial town projects we develop; the selling price of such land use rights is subject to market factors through the public auction, tender or listing for sale process; and the percentage of fees payable to us may fluctuate due to changes in law, regulation or government policy.
- The demolition of buildings and relocation of incumbent residents and businesses on the sites where our industrial town projects are built may result in delays in our development of projects and/or increase in our operating costs, and as we cannot accurately ascertain the expropriation and relocation costs for our industrial town projects, we may not be able to control these costs, thus our return for such projects may not be sufficient to meet these costs.
- We are exposed to the concentration risks as we focus on developing a small number of large-scale industrial town projects.
- A portion of our revenue depends on the tax amount paid by enterprise customers in our industrial town projects, over which we have no control.
- We may not be successful in managing our expansion into new cities or regions, and as a result our business, financial condition and results of operations may be materially and adversely affected.

A detailed discussion of the risk factors is set forth in "Risk Factors" in this prospectus starting on page 35.

HISTORICAL TAX TREATMENT

Historically, three of our subsidiaries, namely Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun, were approved by local tax bureau to adopt the authorized tax valuation method for determination of EIT liability. According to such authorized tax valuation method, such three subsidiaries were still subject to a 25% income tax rate, but the taxable profit of Langfang Sheng Shi Construction was deemed to be 10% of its revenue (after adjusting the non-deductible subsidies paid to enterprise customers establishing their businesses in Longhe Park), and the taxable profit of each of Langfang Hongsheng and Langfang Yonglun was deemed to be 15% of their respective revenue, for a taxable period (regardless of actual results). Such authorized tax valuation method was applicable to these subsidiaries during 2011, 2012 and 2013. Primarily as a result of the authorized tax valuation method adopted by these subsidiaries, our effective tax rate was 12.9%, 14.2% and 4.5% in 2011, 2012 and 2013, respectively. Assuming no authorized tax valuation method was adopted by any of our subsidiaries, we would have incurred additional income tax expenses of RMB136.9 million, RMB15.4 million and RMB178.0 million in 2011, 2012 and 2013, respectively. Effective from January 1, 2014, each of these subsidiaries has been approved to adopt the actual taxation method, under which taxable profit of each subsidiary is its actual taxable profit in a given taxable period. For the three months ended March 31, 2014, our income tax expense was RMB53.4 million and effective tax rate was 34.5%. As such, our historical income tax amount in 2011, 2012 and 2013 may not be indicative of the income tax amount payable by us in the future, and our effective tax rate and tax expenses will significantly increase after 2013. For risks associated with our historical tax treatment, see "Risk Factors – Risks Relating to Our Business and Industries – Our EIT obligations will increase, which will lead to an increase in our effective tax rate" on page 54.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily included (i) resident enterprises in Longhe Park with respect to our industrial town development business; and (ii) purchasers of our residential and commercial properties, and tenants of our investment properties. Our major suppliers included (i) the relevant local governments with respect to demolition, relocation and compensation process that may exist during our development of industrial town projects; and (ii) construction contractors with respect to development of both our industrial town projects and properties. For details, see "Business – Major Customers" on page 253 and "Business – Major Suppliers" on page 252.

COMPETITION LANDSCAPE FOR INDUSTRIAL TOWN DEVELOPMENT

According to JLL, the industrial town development industry in China is relatively fragmented. We primarily compete with other industrial town development service providers to attract enterprise customers, and our industrial town projects also compete with traditional economic development zones and business parks. Longhe Park ranked No. 2 among all industrial towns in Langfang, Hebei province for the year ended December 31, 2013, in terms of the total GDP generated from industrial towns. For details, see "Industry Overview – Competition Landscape" on page 93.

SUMMARY OF CONSOLIDATED RESULTS OF OPERATIONS AND FINANCIAL POSITION

Selected Consolidated Statements of Comprehensive Income Data

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	1,201,189	467,452	1,212,904	269,108	312,791
Fee income from sales of land development for sale	693,208	93,085	1,025,443	266,842	174,079
Revenue from sales of properties	499,500	362,056	177,022	–	134,175
Revenue from property leasing	8,481	12,311	10,439	2,266	4,537
Gross profit	625,880	130,469	818,192	184,384	209,440
Sales of land development for sale	475,535	18,747	806,539	182,177	147,851
Sales of properties	142,159	99,572	1,398	–	57,112
Property leasing	8,186	12,150	10,255	2,207	4,477
Profit before tax	673,729	265,762	799,461	25,500	154,705
Profit and total comprehensive income attributable to owners of the Company for the year/period	586,917	228,014	763,461	15,738	101,277

Our total revenue decreased from RMB1,201.2 million in 2011 to RMB467.5 million in 2012, and increased to RMB1,212.9 million in 2013. Our net profit decreased from RMB586.9 million in 2011 to RMB228.0 million in 2012, and increased to RMB763.5 million in 2013. The significant decrease in our revenue and net profit in 2012 was primarily due to (i) our strategic adjustment of development plan of Longhe Park in 2012 to slow down our marketing efforts and land preparation and infrastructure construction activities with respect to residential and commercial land, in light of the relatively low market price of residential and commercial land sites in Langfang in 2012, which, according to JLL, decreased from RMB3,559 per sq.m. in 2011 to RMB2,577 per sq.m. in 2012, and in anticipation of the growing potential of market price of such land sites from 2013, and (ii) to a lesser extent, due to the fact that land parcels of an aggregate of 215,563 sq.m. were publicly auctioned in December 2012 but the relevant revenue of RMB260.9 million was recognized in early 2013 following the execution of land grant contracts by the relevant parties. However, despite the decrease in the market price of residential and commercial land sites in Langfang in 2012, the ASP of the residential and commercial land sites developed by us in Longhe Park increased from RMB2,547 sq.m. in 2011 to RMB3,435 sq.m. in 2012, which is primarily because (i) Longhe Park is located in Anci District, one of the three districts in Langfang and the ASP of properties in Anci District may deviate from the overall performance of the land market in Langfang; (ii) according to our project development strategy and marketing plan, all residential and commercial land parcels developed by us and auctioned by the government in the first eleven months of 2012 were located in a better developed area of Longhe Park with many supporting facilities and 85% of these parcels were commercial land with the ASP generally higher than that of residential land; and (iii) the proceeds for certain commercial and residential land parcels auctioned by the government in late 2012 was recognized as the Group's revenue in early 2013.

Our net profit of RMB586.9 million in 2011 included a one-off debt restructuring gain of RMB112.2 million relating to our restructuring of loans from CDH Hillside Company Limited ("**CDH**") and OCBC Capital Investment I PTE. LTD. ("**OCBC**") and a fair value loss relating to our warrants issued to CDH and OCBC of RMB55.8 million. Our net profit in 2011, without taking into account the debt restructuring gain of RMB112.2 million and the fair value loss relating to the warrants of RMB55.8 million, would be RMB530.5 million. Our net profit of RMB228.0 million in 2012 included a fair value gain of RMB208.1 million relating to our warrants issued to CDH and OCBC. Our net profit in 2012, without taking into account the fair value gain relating to these warrants of RMB208.1 million, would be RMB19.9 million. Our net profit of RMB763.5 million in 2013 included a fair value gain of RMB17.2 million relating to our warrants issued to CDH and OCBC. Our net profit in 2013, without taking into account the fair value gain relating to these warrants of RMB17.2 million, would be RMB746.3 million. For details, see "Financial Information – Period to Period Comparison of Result of Operations – Gains and losses in relation to warrants" on page 330, "Financial Information – Period to Period Comparison of Result of Operations – Debt restructuring gain" and "Financial Information – Period to Period Comparison of Result of Operations – Gains and losses in relation to warrants" on page 336 of this prospectus.

Our fee income derived from development of industrial town projects decreased by RMB92.8 million, or 34.8%, from RMB266.8 million for the three months ended March 31, 2013 to RMB174.1 million for the same period in 2014, primarily reflecting a decrease in land site area sold by the local government according to the sale schedule. For details of the underlying reasons for such fluctuation, see "Financial Information" on page 318.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
Gross profit margin	52.1%	27.9%	67.5%	68.5%	67.0%
Sale of land development for sale	68.6%	20.1%	78.7%	68.3%	84.9%
Sale of properties	28.5%	27.5%	0.8%	–	42.6%
Property leasing	96.5%	98.7%	98.2%	97.4%	98.7%
Net profit margin	48.9%	48.8%	62.9%	5.8%	32.4%

Selected Consolidated Statements of Financial Position Data

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	814,874	1,087,733	996,305	909,222
Current assets	3,371,585	4,397,582	5,757,628	5,428,106
Current liabilities	3,157,803	4,484,103	4,603,332	4,153,998
Net current assets (liabilities)	213,782	(86,521)	1,154,296	1,274,108
Total assets less current liabilities	1,028,656	1,001,212	2,150,601	2,183,330
Non current liabilities	1,319,373	1,066,026	1,452,599	1,353,233
Total equity	(290,717)	(64,814)	698,002	830,097

Selected Consolidated Statements of Cash Flows Data

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash from (used in) operating activities	47,476	127,183	414,597	371,867	(26,567)
Net cash from (used in) investing activities	454,686	(602,149)	67,608	(21,828)	192,633
Net cash from (used in) financing activities	(73,058)	67,065	(177,452)	(400,480)	(320,191)

Key Financial Ratios

	As of December 31,			As of March 31,
	2011	2012	2013	2014
Gearing ratio[(1)].....................	64.1%	54.5%	50.2%	49.7%
Current ratio[(2)].....................	1.1	1.0	1.3	1.3
Net debt to equity ratio[(3)]	N/A	N/A	330.3%	246.6%

Notes:

(1) The calculation of gearing ratio is based on total borrowings divided by total assets and multiplied by 100%.

(2) The calculation of current ratio is based on current assets divided by current liabilities.

(3) The calculation of net debt to equity ratio is based on net debt divided by total equity and multiplied by 100%. Net debt represents total interest-bearing debt net of bank balance and cash and restricted bank deposits.

Property Valuation

Savills, an independent property valuer, valued our property interests as of May 31, 2014. See Appendix III headed "Property Valuation Report" in this prospectus. Based on such valuation, the aggregate market value of our property interests as of May 31, 2014 was RMB5,452.4 million. In connection with the valuation for assessing our property interests as of May 31, 2014, Savills adopted the direct comparison method by making reference to market comparable transactions in local markets and the income capitalization method by taking into account the contractual tenancies and the prevailing market rent. In conducting the valuation, Savills relied on the information provided by our Group and our PRC legal advisor in relation to title of the properties and assumed, among other things, the properties that are uncompleted will be developed and completed in accordance with our development plan. However, investors are advised that the appraised value of our property interest shall not be taken as their actual realizable value or a forecast of their realizable value. See "Risk Factors – Risks Relating to Our Business and Industries – Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results" on page 50 of this prospectus for further discussion.

Fair Value Gain on Investment Properties

Our fair value gain on investment properties was RMB87.0 million, RMB9.2 million, RMB31.9 million, RMB12.4 million and RMB5.0 million in 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, respectively. Such fluctuation was primarily affected by the prevailing market conditions in China and the various stages in which our investment properties were, for which our property valuer, Savills, has adopted different methodologies.

RECENT DEVELOPMENTS

We recorded revenue and gross profit of approximately RMB1,353.4 million and RMB684.8 million for the six months ended June 30, 2014, respectively, which were extracted from our unaudited condensed consolidated interim financial statements for the same period prepared by our Directors in accordance with IAS 34 "Interim Financial Reporting", which have been reviewed by Deloitte Touche Tohmatsu, the reporting accountants of our Company in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The gross profit margin and net profit attributable to shareholders of the Company for the six months ended June 30, 2014 was negatively affected, primarily due to (i) a change in revenue composition as a result of the increased percentage of sales of properties; (ii) an increase in finance costs as a result of increased borrowings for our business; and (iii) a significant increase in tax expenses during the period as a result of the adoption of the actual taxation method by three of our subsidiaries in 2014. For risks associated with our historical tax treatment, see "Risk Factors – Risks Relating to Our Business and Industries – Our EIT obligations will increase, which will lead to an increase in our effective tax rate" on page 54. We expect the net profit attributable to shareholders of the Company for the six months ended June 30, 2014 would be lower as compared to the same period in 2013.

Set forth below are certain developments after the end of the Track Record Period regarding our business.

- Between April 1, 2014 and June 30, 2014, an aggregate of 311,357 sq.m. of land in Longhe Park was sold by the relevant local government for a total land premium of RMB767.1 million.
- Between April 1, 2014 and May 31, 2014, we had contracted sales of properties of RMB107.9 million.
- On April 2, 2014, we entered into a facility agreement with Fine Process Limited, an Independent Third Party and a wholly-owned subsidiary of ICBC International Investment Management Limited, pursuant to which a loan facility of up to US$100.0 million was granted to us. The term of this loan is two years from the date on which such loan is drawn down and the effective interest rate is 15.76% per annum after taking into consideration initial transaction costs of approximately RMB13.1 million. This loan is jointly guaranteed by Mr. Wang Jianjun and Ms. Zhao Ying, and secured by our pledge of equity interest in certain subsidiaries. As of the Latest Practicable Date, US$100.0 million was drawn down in full by us under this facility agreement. For details, see "Financial Information – Subsequent Events" on page 365.
- On June 26, 2014, we entered into an agreement with a trust fund company in the PRC, an Independent Third Party, pursuant to which the trust fund company agreed to contribute

RMB300.0 million to our subsidiary, Langfang Shoukai Sheng Shi Investment. In accordance with the relevant requirements under IFRS, the transaction as a whole has been treated as a loan granted to us with a one-year term from June 27, 2014, the date on which the amount of RMB300.0 million was fully drawn down. The relevant effective interest rate is 24.61% per annum after taking into consideration the initial transaction costs of RMB37.9 million. The amount of RMB300.0 million is secured by the remaining 62.96% equity interest held by us in Langfang Shoukai Sheng Shi Investment and also guaranteed by Langfang City Property.

Our Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since March 31, 2014, the date of the latest audited consolidated financial statements of our Company.

LISTING EXPENSES

During the Track Record Period, we incurred expenses in connection with the Global Offering in an amount of RMB21.5 million, of which RMB4.7 million and RMB16.8 million were accounted for as part of our other expenses for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively. Between March 31, 2014 and completion of the Global Offering, we expect to incur additional listing expenses of RMB50.7 million, among which an estimated amount of RMB22.5 million will be recognized as our other expenses and an estimated amount of RMB28.2 million will be recognized directly in equity.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) completion of the Capitalization Issue without taking into account the effect of Capitalization of Loan; (ii) the Global Offering has been completed and 328,000,000 Shares are newly issued in the Global Offering; (iii) 1,593,671,642 Shares are issued and outstanding following completion of the Global Offering; and (iv) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$2.75 per Share	**Based on an Offer Price of HK$3.75 per Share**
Market capitalization of our Shares upon completion of the Global Offering	HK$4,400 million	HK$6,000 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(1)(2)	HK$1.18	HK$1.38

Notes:

(1) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix II to this prospectus.

(2) Had the Capitalization of Loan been taken into account, the unaudited pro forma consolidated adjusted net tangible assets per Share would be increased to HK$1.37 and HK$1.57 based on the Offer Price of HK$2.75 per Share and HK$3.75 per Share, respectively, which is arrived at on the basis of a total of 1,600,000,000 Shares. For more details, see "Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets" on page 372.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$3.25 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$1,002.1 million. We currently intend to apply such net proceeds for the following purposes. For details, see "Future Plans and Use of Proceeds" on pages 374 and 375.

Amount of net proceeds	Intended application
• approximately 65%, or HK$651.4 million	• Developing our current industrial town projects under co-operation agreements with the relevant local governments, including land preparation and infrastructure construction
• approximately 10%, or HK$100.2 million	• Developing potential industrial town projects
• approximately 15%, or HK$150.3 million	• Financing the development of potential residential and commercial properties, including acquisition of land use rights and construction of properties
• approximately 10%, or HK$100.2 million	• General corporate and working capital purposes

DIVIDEND POLICY

Subject to Companies Law and our Memorandum and Articles of Association, through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. The determination to pay dividends will be made at the discretion of our Board and will be based on our earnings, cash flow, financial condition, capital requirements, statutory fund resource requirements and other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and financing agreements that we may enter into in the future. We cannot guarantee when, if and in what form dividends will be paid in the future. During the Track Record Period, we have not declared and/or paid any dividends to our Shareholders.

HISTORICAL NON-COMPLIANCE INCIDENTS

We have some historical non-compliance incidents. For details, see "Business – Historical Non-compliance Incidents" on page 261.

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

"Application Forms(s)"	**WHITE** application form(s) and **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association adopted by our Company on August 6, 2014, to become effective upon the Listing, and as amended or supplemented from time to time, a summary of which is set out in Appendix IV of this prospectus
"associate(s)"	has the same meaning ascribed thereto under Chapter 14A of the Hong Kong Listing Rules
"Beijing Vast Zhanyao Investment"	北京宏泰展耀投資有限公司 (Beijing Vast Zhanyao Investment Co., Ltd.*), a limited liability company incorporated in the PRC on April 29, 2014 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company
"Board of Directors" or "Board"	the board of Directors
"Business Day"	any day (excluding a Saturday, or a Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate, a measurement to assess the growth rate of value over time
"Capitalization Issue"	the issue of Shares to be made upon capitalization of the share premium account of our Company as referred to in the section headed "History, Development and Reorganization – Capitalization of Loan, Capitalization Issue and Global Offering"
"Capitalization of Loan"	the issue of Shares to be made upon capitalization of the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by Profit East to our Company as referred to in the section headed "History, Development and Reorganization – Capitalization of Loan, Capitalization Issue and Global Offering"
"CBRC"	the China Banking Regulatory Commission (中國銀行業監督管理委員會)

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS at a direct clearing participant or a 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 or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCBI Investments"	CCBI Investments Limited, an investment holding company incorporated with limited liability under the laws of Cayman Islands on November 10, 2004 and an indirectly wholly-owned subsidiary of China Construction Bank Corporation, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939)
"Chengde Yonglun"	承德市永侖房地產開發有限公司 (Chengde Yonglun Property Development Co., Ltd.*), a limited liability company incorporated in the PRC on February 8, 2010 and owned as to 80% by Langfang Sheng Shi Construction and 20% by Langfang Yonglun, and thus an indirectly wholly-owned subsidiary of our Company
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of China and Taiwan
"China Vast International"	China Vast International Holdings Limited (中國宏泰國際控股有限公司), formerly known as Honour Port Limited (港崇有限公司), a limited liability company incorporated in the BVI on November 8, 2011 and wholly-owned by Shing Cheong, and thus an indirectly wholly-owned subsidiary of our Company
"Chuzhou Agreement"	the strategic investment agreement (戰略投資協議) between the local government of Chuzhou, Anhui province and us, dated July 10, 2013, as amended and supplemented on February 19, 2014

"Chuzhou Park"	滁州承接產業轉移集中示範園區 (Chuzhou Business Park*), located in Chuzhou, Anhui province, one of our industrial town projects
"Chuzhou Vast Zhanyao"	滁州宏泰展耀投資有限公司 (Chuzhou Vast Zhanyao Investment Co., Ltd.*), a limited liability company incorporated in the PRC on August 26, 2013 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company
"close associate(s)"	has the meaning ascribed thereto under Chapter 1 of the Hong Kong Listing Rules
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on March 3, 2014 as amended, 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, supplemented or otherwise modified from time to time
"Company" or "our Company"	China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司), an exempted company incorporated in the Cayman Islands with limited liability on February 13, 2014
"connected person(s)"	has the same meaning ascribed thereto under Chapter 14A of the Hong Kong Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Hong Kong Listing Rules, and in the context of this prospectus refers to Ms. Zhao Ying and Profit East, which is wholly-owned by Ms. Zhao Ying
"core connected person(s)"	has the meaning ascribed thereto under Chapter 1 of the Hong Kong Listing Rules
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Hong Kong Listing Rules
"Counsel"	Mr. Leung Wai Keung, Richard, a barrister-at-law in Hong Kong, advising on certain non-compliance under s.122 of the Predecessor Companies Ordinance by certain subsidiaries of the Company and their respective directors

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	the PRC Enterprise Income Tax
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended on March 16, 2007 and effective from January 1, 2008
"Exchangeable Bonds"	the exchangeable notes in the principal amount of US$40,000,000 issued by Profit East to Chance Talent pursuant to a subscription agreement dated February 24, 2014 entered into between, among others, Profit East and Chance Talent
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GREEN application form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require) or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangyang Agreement"	the co-operation agreement (廊坊市廣陽區「高新科技成果孵化園」項目合作協議) between the local government of Guangyang District of Langfang, Hebei province, an Independent Third Party and us, dated April 27, 2011
"Guangyang Park"	廣陽科技孵化園 (Guangyang Technology Regeneration Park*), located in Langfang, Hebei province, one of our industrial town projects
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"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 Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
"Hong Kong Public Offering"	the issue and offer for subscription of the Hong Kong Public Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage, SFC transaction levies, and Hong Kong Stock Exchange trading fees), subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Public Offer Shares"	the 32,800,000 Shares being initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering") in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated August 12, 2014 relating to the Hong Kong Public Offering entered into by, among others, our Company and the Hong Kong Underwriters, as further described in "Underwriting" in this prospectus
"IFRS"	International Financial Reporting Standards
"Independent Third Parties"	a person(s) or company(ies) who/ which is or are independent of and not connected with our Company and/or our connected persons
"International Offer Shares"	the 295,200,000 Shares initially being offered by us for subscription under the International Offering together, where relevant, with any Shares that may be issued by us pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional, institutional, corporate and/or other investors at the Offer Price, as further described in "Structure of the Global Offering" in this prospectus

"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering expected to be entered into by, among others, the International Underwriters and our Company on or around August 18, 2014, as further described in the section headed "Underwriting"
"Issue Date"	February 26, 2014, the date of issue of the Exchangeable Bonds
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
"Joint Bookrunners"	Morgan Stanley Asia Limited, CLSA Limited, ICBC International Capital Limited, CCB International Capital Limited, DBS Asia Capital Limited, First Shanghai Securities Limited and GF Securities (Hong Kong) Brokerage Limited
"Joint Global Coordinators"	Morgan Stanley Asia Limited, CLSA Limited, ICBC International Capital Limited and CCB International Capital Limited
"Joint Lead Managers"	Morgan Stanley Asia Limited, CLSA Limited, ICBC International Securities Limited, CCB International Capital Limited, DBS Asia Capital Limited, First Shanghai Securities Limited, GF Securities (Hong Kong) Brokerage Limited and Celestial Securities Limited
"Joint Sponsors"	Morgan Stanley Asia Limited and CITIC Securities Corporate Finance (HK) Limited
"King Billion"	King Billion Corporation Limited (兆帝有限公司), a company incorporated in Hong Kong on April 19, 2007 and wholly-owned by China Vast International, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang City Property"	廊坊市城區房地產開發有限公司 (Langfang City Property Development Co., Ltd.*), a limited liability company incorporated in the PRC on May 22, 1995 and wholly-owned by Langfang Vast Zhanyao, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Gaodi"	廊坊市高迪數碼電子技術有限公司 (Langfang Gaodi Digital Technology Co., Ltd.*), a limited liability company incorporated in the PRC on January 5, 2010 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company

"Langfang Goodman Vast Park Service"	廊坊嘉民盛世園區服務有限公司 (Langfang Goodman Vast Park Service Company*), a limited liability company incorporated in the PRC on April 12, 2012 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Honghao Investment"	廊坊市鴻昊投資有限公司 (Langfang Honghao Investment Co., Ltd.*), a limited liability company incorporated in the PRC on July 7, 2008 and owned as to 50.0% by Langfang Sheng Shi Construction, 1.6% by Langfang City Property and 48.4% by two Independent Third Parties, and thus an indirect subsidiary owned as to 51.6% by our Company, details of which are set out in "History, Development and Reorganization – Our Subsidiaries – Our PRC Subsidiaries"
"Langfang Hongsheng"	廊坊市宏盛房地產開發有限公司 (Langfang Hongsheng Property Development Co., Ltd.*), a limited liability company incorporated in the PRC on August 14, 2007 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Sheng Shi Construction"	廊坊市盛世建設投資有限公司 (Langfang Sheng Shi Construction & Investment Co., Ltd.*), a limited liability company incorporated in the PRC on August 3, 2005 and wholly-owned by Langfang Vast Zhuoyou, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Shoukai Sheng Shi Investment"	廊坊市首開盛世投資有限公司 (Langfang Shoukai Sheng Shi Investment Co., Ltd.*), a limited liability company incorporated in the PRC on August 4, 2011 and owned as to 62.96% by Langfang Sheng Shi Construction and 37.04% by two Independent Third Parties, and thus an indirect subsidiary owned as to 62.96% by our Company, details of which are set out in "History, Development and Reorganization – Our Subsidiaries – Our PRC Subsidiaries"
"Langfang Vast Park"	廊坊市宏泰園區服務有限公司 (Langfang Vast Park Service Co., Ltd.*), a limited liability company incorporated in the PRC on October 8, 2013 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company

"Langfang Vast Zhanyao"	廊坊宏泰展耀房地產發展有限公司 (Langfang Vast Zhanyao Property Development Co., Ltd.*), formerly known as 廊坊宏泰展耀地產發展有限公司 (Langfang Vast Zhanyao Dichan Development Co., Ltd.*), a limited liability company incorporated in the PRC on June 5, 2007 and wholly-owned by Sheng Shi International, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Vast Zhuoyou"	廊坊宏泰卓優房地產發展有限公司 (Langfang Vast Zhuoyou Property Development Co., Ltd.*), a limited liability company incorporated in the PRC on June 5, 2007 and wholly-owned by King Billion, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Yingkai Technology"	廊坊市盈凱科技成果孵化服務有限公司 (Langfang Yingkai Technology Incubation Service Co., Ltd.*), a limited liability company incorporated in the PRC on March 29, 2013 and wholly-owned by Langfang Hongsheng, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Yonglun"	廊坊市永侖房地產開發有限公司 (Langfang Yonglun Property Development Co., Ltd.*), a limited liability company incorporated in the PRC on July 14, 2009 and wholly-owned by Langfang Sheng Shi Construction, and thus an indirectly wholly-owned subsidiary of our Company
"Langfang Yongxie Property"	廊坊市永協物業服務諮詢有限公司 (Langfang Yongxie Property Service Consulting Co., Ltd.), a limited liability company incorporated in the PRC on June 5, 2007 and wholly-owned by King Billion, and thus an indirectly wholly-owned subsidiary of our Company
"LAT"	land appreciation tax (土地增值稅)
"Latest Practicable Date"	August 6, 2014
"Listing"	the listing of the Shares on the main board of the Hong Kong Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
"Listing Date"	the date on which our Shares are listed on the Hong Kong Stock Exchange and from which dealing in the Shares are permitted to take place on the Main Board

"Longhe Agreement"	the framework co-operation agreement (廊坊龍河工業園區框架性合作協議書) between the local government of Anci District of Langfang, Hebei province and us, dated August 5, 2005, as amended and supplemented on December 18, 2008, January 28, 2013 and December 5, 2013
"Longhe Park "	廊坊龍河高新技術產業區 (Longhe Hi-tech Industrial Park*), located in Langfang, Hebei province, one of our industrial town projects
"Longhe Projects"	Longhe Park and Longhe Resort
"Longhe Resort"	廊坊龍河商務休閒度假基地 (Longhe Resort*), located in Langfang, Hebei province, one of our industrial town projects
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel to the Growth Enterprise Market of the Hong Kong Stock Exchange
"Memorandum"	the memorandum of association of our Company, and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"MLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"Mr. Wang Jianjun" or "Mr. Wang"	Mr. Wang Jianjun (王建軍), our executive Director and Chairman of the Board, the spouse of Ms. Zhao Ying
"Ms. Zhao Ying" or "Ms. Zhao"	Ms. Zhao Ying (趙穎), a Controlling Shareholder and our non-executive Director, the spouse of Mr. Wang Jianjun
"NDRC"	National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"Non-competition Deed"	a deed of non-competition dated August 6, 2014 and given by our Controlling Shareholders in favour of our Company, details of which are set out in the section headed "Relationship with Controlling Shareholders – Non-Competition Undertaking"
"NPC"	National People's Congress (全國人民代表大會)

"Offer Price"	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, an SFC transaction levy of 0.003% and a Hong Kong Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section headed "Structure of the Global Offering – Pricing of the Global Offering"
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offer Shares
"Over-allotment Option"	the option to be granted by our Company to the International Underwriters, exercisable by the Underwriters' Representatives (for and on behalf of the International Underwriters), pursuant to which our Company is required to allot and issue up to an aggregate of 49,200,000 Shares (representing in aggregate 15% of the Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allotment in the International Offering. For details, see the section headed "Structure of the Global Offering"
"PBOC"	People's Bank of China (中國人民銀行)
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before March 3, 2014
"Pre-IPO Investor" or "Chance Talent"	Chance Talent Management Limited, a company incorporated with limited liability under the laws of the BVI on July 4, 2007, which is wholly-owned by CCBI Investments. Chance Talent is a pre-IPO investor of our Company. See "History, Development and Reorganization – Investment By Our Pre-IPO Investor" for details of its shareholding in our Company upon completion of the Listing
"Price Determination Date"	on or around August 18, 2014 or such later time as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at which time the Offer Price is determined
"Profit East"	Profit East Limited (利東有限公司), a Controlling Shareholder, a limited liability company incorporated in the BVI on January 23, 2007 and wholly-owned by Ms. Zhao Ying
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the Securities Act

"RMB" or "Renminbi"	the lawful currency of China
"Rule 144A"	Rule 144A under the Securities Act
"SAFE"	State Administration of Foreign Exchange of China (中華人民共和國國家外匯管理局)
"SAIC"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Savills"	Savills Valuation and Professional Services Limited
"Securities Act"	the United States Securities Act of 1933, as amended from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sheng Shi International"	Sheng Shi International (HK) Development Limited (盛世國際(香港)發展有限公司), a company incorporated in Hong Kong on January 16, 2006 and wholly-owned by China Vast International, and thus an indirectly wholly-owned subsidiary of our Company
"Shing Cheong"	Shing Cheong Holdings Ltd. (誠昌控股有限公司), a limited liability company incorporated in the BVI on April 12, 2007 and a wholly-owned subsidiary of our Company
"SOE"	state-owned enterprises
"Stabilizing Manager"	Morgan Stanley Asia Limited
"Stock Borrowing Agreement"	the stock borrowing agreement which may be entered into between Profit East as the lender and Morgan Stanley & Co. International plc as the borrower
"subsidiary(ies)"	has the meaning ascribed thereto in the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by SFC, as amended, supplemented or otherwise modified from time to time
"Tangshan Zhanyao"	唐山展耀房地產開發有限公司 (Tangshan Zhanyao Property Development Co., Ltd.*), a limited liability company incorporated in the PRC on June 25, 2007 and wholly-owned by Sheng Shi International, and thus an indirectly wholly-owned subsidiary of our Company
"The Second Beijing Capital International Airport"	an airport that is currently under construction in the conjunction area of Beijing and Guangyang District of Langfang, Hebei province, which is expected to be completed by 2018
"Track Record Period"	the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"Underwriters' Representatives"	Morgan Stanley Asia Limited, CITIC Securities Corporate Finance (HK) Limited and CLSA Limited, being the representatives of the International Underwriters in the exercise of the Over-allotment Option
"US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"WFOE"	wholly foreign owned enterprise
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited

In this prospectus, the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

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

In this prospectus, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with ""are for identification purpose only.*

This glossary contains certain definitions of technical terms used in this prospectus as they relate to us and as they are used in this prospectus in connection with our business or us. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"ASP"	average selling price
"Beijing-Tianjin-Hebei region" (京津冀地區)	Beijing, Tianjin and Hebei province, one of the well-developed metropolitan clusters in China
"GFA"	gross floor area
"GFA sold"	the total completed GFA of properties which have been delivered to customers
" GFA of contracted sale"	the total GFA of properties for which we have entered into the property purchase agreements with our customers, irrespective of whether such properties have been completed or delivered
"industrial town" (產業市鎮)	one of the pilot models to drive China's urbanization process and host a cluster of enterprises with selected common industry themes, together with supporting facilities such as logistics, commercial and residential properties, creating a fully integrated working and living community for its residents (產城一體)
"industry clustering" (產業聚集)	industry clustering or clusters refers to geographic concentrations of firms, suppliers, related industries and specialized institutions with a common industry theme located within a particular location. Empirical studies show that the industry clustering within a location primarily leads to, among others, a high-level concentration of industry-specific resources, talent, know-how and expertise, as well as increased exchange and intermixing of knowledge, know-how and expertise among enterprises. Silicon Valley in the U.S. and Zhongguancun in China are two widely cited examples of successful industrial clusters in the technology sector
"plot ratio"	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
"Pre-sold GFA"	the GFA of contracted sale which has not yet been delivered

"Saleable GFA unsold"	the total completed GFA minus (i) completed GFA sold and delivered to the customers and (ii) unsaleable GFA (including (a) the GFA of properties for which we have entered into the property purchase agreements with our customers, but have not yet been delivered and (b) the GFA of properties which have not been contracted for sale)
"sq.m."	square meter(s)
"Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局)	proposal made in the Central Urbanization Work Conference (中央城鎮化工作會議), in which (i) East-West Transportation Corridor (陸橋通道) and Yangtze Transportation Corridor (沿長江通道) will form the two horizontal axises; (ii) Costal High-speed Railway (沿海高鐵), Harbin-Beijing-Guangzhou Railway (京哈京廣鐵路) and Baotou-Kunming Railway (包昆鐵路) will form the three vertical axises; and (iii) major metropolitan clusters, and areas and cities along these axises will form the main components of the strategic urbanization deployment

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and plans for the development of existing and new businesses, our ability to implement such strategies and plans, and the expected timetable of such implementation;
- our financial condition;
- our dividend distribution plans;
- the prospects of our business and operations, including development plans for our existing and new businesses;
- the regulatory environment, as well as the general industry outlook, for the industrial town development industry and real estate industry in China;
- further developments in, and competitive environment for, the industrial town development industry and real estate industry in China; and
- the general economic trend of China.

The words "aim", "anticipate", "believe", "contemplate", "continue", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "predict", "project", "schedule", "seek", "should", "target", "will", "would", and the negatives forms of these terms, as well as similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by applicable laws, rules and regulations. All forward-looking statements contained in this prospectus are qualified with reference to the cautionary statements set out in this section.

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

Any investment in our Shares involves various risks. You should carefully read and consider all the information set out in this prospectus and, in particular, the risks and uncertainties described below before making any investment in our Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that almost all of our operations are conducted in China and are governed by a legal and regulatory environment in some respects which differs from those that prevail in other countries. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties and you may lose all or part of your investment as a result.

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterized as: (i) risks relating to our business and industries; (ii) risks relating to conducting business in the PRC, and (iii) risks relating to the Global Offering and our Shares. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our businesses, financial condition and results of operation.

RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

Our business model depends on maintaining good working relationships with PRC local governments and we are exposed to risks associated with entering into co-operation agreements with them.

We co-operate with PRC governmental authorities in developing our industrial town projects. Although we believe that we currently have good, constructive working relationships with the local governments with which we co-operate, if we are unable to maintain such relationships with these governmental authorities, our business, financial condition and results of operations could be materially and adversely affected. These risks include:

- As a portion of our revenue is received from the local governments for our development of industrial town projects, such payments from the local governments are subject to delays or changes as a result of the changes in the PRC local governments' budgets or for other policy considerations.

- Due to the nature of our business, our industrial town projects require the services of the relevant governmental authorities to deal with the demolition, relocation and compensation process involving incumbent residents and businesses, and any delay in completion of such process by the governmental authorities may result in a delay in our development schedules.

- The PRC local governments' spending on development of industrial town projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in China's economy and changes in the PRC local governments' policies.

- The obtaining of land quota and sale of land use rights by the local governments may be affected by factors out of our control such as the local development plan and changes of policies. In addition, the PRC government may change land grant mechanism in the future.

- Disputes with governmental authorities could potentially lead to contract termination if unresolved or may take a considerably longer period of time to resolve and as a result, payments from the PRC local governments may be delayed. We may not be able to enforce against the relevant local governments for breach of our co-operation agreements with them.

- The local governments may from time to time require us to change our service methods or performance terms, or undertake additional obligations or change other contractual terms, thereby subjecting us to additional costs.

- Changes in governmental budgets and policies relating to our industrial town projects could result in delays in project completion, adverse changes to such projects or a withholding of, or delay in, payments to us.

- Government agencies generally exercise significant discretion in the performance of their contracts with us. We may lack bargaining power against the relevant local governments if they unilaterally request the amendment of any term of, or terminate, the cooperation agreements in respect of our industrial town development business. If any governmental entity amends or terminates its co-operation agreement with us, we may not be able to continue our development plan as expected, and our business, financial condition and results of operations may be materially and adversely affected.

Moreover, we set up a joint venture entity with an affiliate of the local government in Langfang, Hebei province to develop Guangyang Park, and may set up joint venture entities with affiliates of other local governments in the future to develop other industrial town projects. If there are disagreements between us and our government joint venture partners regarding the business and operations of the joint ventures, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests or which will maintain the business relationship with our government joint venture partners. In addition, our government joint venture partners may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfill their obligations; or (iv) dispute the scope of their responsibilities and obligations under the relevant agreements. Any of these and other factors may materially and adversely affect our business relationships with our government joint venture partners, which may in turn materially and adversely affect our business, financial condition and results of operations.

We do not decide on the exact timing of the sale of land use rights in the industrial town projects we develop; the selling price of such land use rights is subject to market factors through the public auction, tender or listing for sale process; and the percentage of fees payable to us may fluctuate due to changes in the relevant law, regulation or government policy.

During the Track Record Period, all of our fee income generated from development of industrial town projects was calculated with reference to a portion of the sale proceeds when the land use rights to the land in Longhe Park are sold by the local government through public auction, tender or listing for sale process under its control. Such fee income is recognized as revenue when the land grant contracts are entered into between the local governments and purchasers of land use rights and the amount of fee income can be measured reliably. As such, results from our development of industrial town projects are significantly affected by the timing and pricing of the sale of land use rights to the land we have developed for our industrial town projects, as well as the pre-agreed percentage to calculate fees payable to us, over which we only have certain control.

Timing. Under our Longhe Agreement for development of Longhe Park and Longhe Resort, we are typically entitled to prepare a plan regarding the timetable of the sale of land use rights in our industrial town projects and the local governments are responsible for the execution of such plan upon its approval of such plan. However, the exact timing of the sale in any particular year is determined by the relevant local government and subject to other factors, such as the general economic conditions, obtaining of land quota by the local governments, local regulatory rules and decisions and the results of our marketing and promotional efforts. In addition, as the execution of sale schedule of land use rights by the local governments may be subject to changes in policies and market factors, we may experience fluctuations in fee income generated from our land development business, as a result of which our results of operations for any historical period may not be a useful indicator of our future business performance.

Pricing. The fees we are entitled to for the development of industrial town projects depend on the selling price of land developed by us in our industrial town projects, which is primarily driven by the market demand and is susceptible to the economic cycles in the local areas and the PRC. If the selling price of land in our industrial town projects is expected to be lower than our development cost of such land, we may, subject to other factors, make provision for loss on sale of land under relevant contracts. As of December 31, 2011, the provision for loss on sale of land under certain contracts was RMB71.4 million. We did not make similar provision as of December 31, 2012 and 2013 and March 31, 2014.

Percentage to calculate fees payable to us. The fees we are entitled to for development of industrial town projects are calculated with reference to certain pre-agreed percentages of the net sale proceeds of land use rights to our industrial town projects. Under our Longhe Agreement for the development of Longhe Park and Longhe Resort, such percentage is 100% for industrial land and 80% for residential and commercial land, subject to other terms and conditions. However, as compared to these percentages, the actual percentages of our fees received from the local government over the land premium may be lower, due to the deductions made by the local government according to the calculation formula set forth in Longhe Agreement. In addition, the pre-agreed percentage of 80% for residential and commercial land mentioned above, subject to other terms and conditions, applies for the period between August 5, 2005 and December 31, 2019 only. Such percentage is subject to change upon mutual agreement between the relevant local government and us for the period on and after January 1, 2020. When we re-negotiate this percentage with the relevant local government, we may lack the bargaining power to maintain the same percentage. Any decrease in the proceeds percentage due to changes in the relevant law, regulation, government policy or our lacking of bargaining power could have a material adverse effect on our financial condition and results of operations.

The demolition of buildings and relocation of incumbent residents and businesses on the sites where our industrial town projects are built may result in delays in our development of projects and/or increase in our operating costs, and as we cannot accurately ascertain the expropriation and relocation costs for our industrial town projects, we may not be able to control these costs, thus our return for such projects may not be sufficient to meet these costs.

Demolition of buildings and relocation of incumbent residents and businesses are required for some of our industrial town projects. The actual demolition, relocation and compensation process is executed by the relevant government authorities, over which we have no control, and we are merely responsible for making the payments in connection with the demolition and relocation process to the local governments solely for them to compensate the incumbent residents and businesses. Pursuant to our co-operation agreements with the relevant local governments, we are not involved in the resettlement of incumbent residents and businesses. If the actual demolition and relocation process is delayed or unsuccessful or if the amount of compensation in connection with the demolition and relocation process is adjusted due to any change in the applicable PRC laws and regulations or mutual agreements between the incumbent residents and businesses and the local governments, we may have to adjust our development timetable of the land sites that may be affected accordingly, or incur additional costs in order to complete the demolition and relocation process. There can be no guarantee that the demolition and relocation of incumbent residents and businesses in our industrial town projects, if required, will proceed smoothly or that we will not incur additional costs due to factors out of our control. Any delays in the demolition and relocation process may result in delays in our construction schedules and/or increase in our operating costs, any of which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, as we cannot accurately ascertain the expropriation and relocation costs for our industrial town projects, we may not be able to control such costs and our return for industrial town projects may not be sufficient to meet our costs for such projects. Under either of the above circumstances, our business, financial condition and results of operation could be adversely affected.

We are exposed to the concentration risks as we focus on developing a small number of large-scale industrial town projects.

We currently focus on developing a small number of large-scale industrial town projects based on our development schedule. We currently have four industrial town projects, among which Longhe Park is progressing towards an active development stage while the remaining three projects are in the early stage of development. During the Track Record Period, all of our fee income was derived from our development of Longhe Park.

We are exposed to the concentration risks as our capital investments are typically committed to a small number of large-scale industrial town projects. We cannot assure you that any of our existing or future development of large-scale industrial town projects will be successful or that any such development will not encounter difficulties that may adversely affect our business, financial condition and results of operations. In addition, as we focus on the development of large-scale industrial town projects and due to the significant amount of capital required and costs incurred or to be incurred in such development, any significant decrease in demand for the land use rights in any one of our industrial town projects could have a material and adverse effect on our business, financial condition and results of operations.

A portion of our revenue depends on the tax amount paid by enterprise customers in our industrial town projects, over which we have no control.

For Longhe Park and Longhe Resort, a portion of our revenue for a certain year is calculated with reference to the tax amount to be paid by enterprise customers and retained by the relevant local government, after deduction of the amount of operating costs incurred by the management committee of the Longhe Projects (廊坊龍河高新技術產業區管理委員會) in that year. For details of the formula to calculate such fee, see "Business – Our Industrial Town Projects – Longhe Park – Major terms of the co-operation agreement". Tax amount to be paid by resident enterprises in Longhe Park and Longhe

Resort may be affected by a number of factors, including the amount of the portion retained by the local government, the number of resident enterprises, the financial performance of these enterprises and the tax treatments offered by the local government. Despite our marketing and promotional efforts to attract industry players to set up their businesses in our industrial town projects, we have no control over the number of resident enterprises in our industrial town projects, their financial performance and the tax treatments offered by the local government. During the Track Record Period, we did not recognize any revenue calculated with reference to a portion of the taxes paid by resident enterprises in our industrial town projects, because the tax amount paid by resident enterprises was not sufficient to offset the operating costs incurred by the management committee of the Longhe Projects, as Longhe Park was still at its early development stage. If we are not able to attract target enterprises to establish their businesses in our industrial town projects, or if the enterprises in our industrial town projects are not able to generate taxable profits due to their negative financial results, or if they enjoy preferential tax treatments for a certain period of time during which the tax amount is significantly reduced, our business, financial condition and results of operations may be adversely affected.

We may not be successful in managing our expansion into new cities or regions, and as a result, our business, financial condition and results of operations may be materially and adversely affected.

We are currently closely studying the urban areas within the "Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) proposed by the PRC central government, and intend to seize opportunities to expand into these areas with a focus on the Beijing–Tianjin–Hebei region, subject to market conditions. Expanding into new geographical locations involves 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 a better-established local presence, greater access to local labors, or possess more extensive 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 past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand and promoting sale of land use rights in our proposed industrial town projects in the new cities which we expect to expand into.

In addition, expanding into new geographic locations requires a significant amount of capital and management resources. Any of these above factors could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We operate a distinctive business model and our prospects, profitability and results of operations depend on our ability to complete our current industrial town projects.

We operate a distinctive business model. For details of our business model, see "Business – Distinctive Business Model". There are not many comparable listed companies which have similar business models in developing and operating industrial town projects in China. The lack of comparability may make it difficult for you to evaluate the prospects of our business.

We enter into long-term co-operation agreements with local governments in cities where we develop our industrial town projects. For example, our co-operation agreement to develop Longhe Park and Longhe Resort has a term of 50 years. Our success is dependent on our ability to complete our current industrial town projects within such term, which in turn is affected by regulatory changes, our managerial and operational resources, capital contributions and our knowledge of the need of target enterprises which may be interested in purchasing land use rights and setting up businesses in our industrial town projects. In addition, we may commit significant time and resources on a certain industrial town project before determining that we are unable to complete it successfully. We may also be required to pay compensation and be subject to other potential liabilities if we fail to complete an industrial town project in accordance with the original plan and/or specifications, which may result in us losing a part or all of our investment on such project and materially adversely affect our business, reputation, financial condition, results of operations and business prospects.

We are dependent on the urbanization trend and economic growth in the PRC, particularly in the cities where we develop our industrial town projects and residential, commercial and industrial properties.

We are currently developing industrial town projects in Langfang, Hebei province and Chuzhou, Anhui province, and developing residential, commercial and industrial properties in certain cities in Hebei province. Our business and prospects depend on the urbanization trend and economic growth in China and in the cities where we develop our projects, in particular, the Beijing-Tianjin-Hebei region.

The PRC government has adopted a number of policies to encourage urbanization in recent years. For details of these policies, see "Industry Overview – Industrial Town Development in the PRC – Key Drivers of Modern Urbanization and Industrial Towns – Favorable government policies". However, there is no assurance that the urbanization process in China will continue to proceed at the current level, or the PRC government will not adopt other policies or measures to slow down the urbanization trend in the future. Such policies or measures may limit our access to capital resources, reduce land supply for the development of our industrial town projects, reduce market demand for the land use rights to our industrial town projects and our properties, and increase our operating costs in complying with these policies or measures, which in turn may materially and adversely affect our business and prospects.

In addition, any economic downturn in China, particularly in the cities where we have projects or we intend to enter, or any negative development in the industrial town development industry and real estate industry, may materially and adversely affect our business, financial condition and results of operations. The industrial town development industry and real estate industry in the PRC are affected by many factors, including changes in the PRC's social, political, economic and legal environment, changes in the PRC government's fiscal and monetary policy, any austerity measures imposed by the PRC government and any over-supply of industrial town projects or properties, which are beyond our control.

Our business operations are highly regulated and are subject to extensive PRC national and local laws and regulations, and we are particularly susceptible to changes in policies related to the real estate industry in China.

Our business activities are extensively regulated by policies and other laws and regulations of the PRC government. Development of properties requires approvals, licenses or permits from the relevant national and local governmental authorities, including without limitation, land title documents, construction work planning permits, pre-sale permits (if applicable) and certificates or confirmations of completion and acceptance for the development of properties. Each approval is dependent on the satisfaction of various conditions as set forth in the PRC laws and regulations, including policies and procedures established by local authorities designed to implement such laws and regulations. In particular, 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 development, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to developers and purchasers, impose additional taxes and levies on land and property sales and restrict foreign investment in the PRC property sector. Various political, economic and social factors may lead to adjustments and changes of such policies.

We cannot assure you that we will not encounter major problems in obtaining the necessary approvals or fulfilling the conditions precedent to the receipt of relevant approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our business activities or the particular processes with respect to the granting of the approvals. Changes required by regulatory authorities could also involve significant costs and delay or prevent the completion of our projects or could result in the loss of existing licenses, permits or authorizations, any of which may have a material adverse effect on our business, financial condition and results of operations.

Most of our industrial town projects and all of our property development projects are located in Hebei province.

Longhe Park, Longhe Resort and Guangyang Park are all located in Langfang, Hebei province, and all of our property development projects are currently located in Hebei province. Although we have expanded to Chuzhou, Anhui province for our development of Chuzhou Park in 2013, and may further expand our industrial town development and property development outside Hebei province in the future, we are likely to continue to derive a significant portion of our revenue from Hebei province. Our profitability in relation to our development of industrial town projects and properties in Hebei province could be negatively affected by a number of factors, including general economic conditions, local regulatory rules or decisions, local competition, demand for land use rights and price of land use rights. Any significant decline in our profitability from business relating to Hebei province, due to the above factors or otherwise, could be materially and adversely affect our results of operations.

Our development plan of Guangyang Park may be subject to changes.

We entered into a co-operation agreement with the local government for the development of Guangyang Park on April 27, 2011, which has a term of 15 years. Guangyang Park is in close vicinity to The Second Beijing Capital International Airport which is currently under development. As the government planning of the surrounding area of The Second Beijing Capital International Airport is not released yet, the development plan of such surrounding area, including Guangyang Park, has been under review by the local government recently. The industry theme and our scope of services for Guangyang Park are subject to changes. As such, we did not start the development of Guangyang Park yet as of the Latest Practicable Date. Subject to our finalization of the planning and design of Guangyang Park in 2015, we expect to commence land preparation, infrastructure construction and marketing activities for Guangyang Park in 2015. We cannot assure you that we will be able to execute our current development plan of Guangyang Park on a timely basis or at all. Any further delay in our development plan may result in a shortened development period of Guangyang Park available to us, and any significant change of development plan of the surrounding area by the local government may make it difficult for us to enforce our co-operation agreement with the local government, or result in a material change of the terms and conditions of our current co-operation agreement for development of Guangyang Park, which may have a material and adverse effect on our business, financial condition and results of operation.

We may not be able to obtain exclusive authorization for the development of industrial town projects on land sites we consider suitable at commercially acceptable terms, or at all.

We enter into co-operation agreements with local governments in our target cities to develop industrial town projects. Such agreements typically grant us exclusive authorization to develop industrial town projects on designated land sites within a period of time. We believe site selection is a key factor in determining the success of an industrial town project. However, we cannot assure you that we will be able to obtain exclusive authorization for the development of industrial town projects on land sites we consider suitable at commercially acceptable terms, or at all, which is subject to a number of factors beyond our control. These factors include government support in local areas, our negotiations with the local governments in respect of our fee arrangements and other commercial terms, national and local regulatory policies towards development of industrial town projects, and local competition landscape. Any failure to identify suitable land sites and obtain exclusive authorization for the development of industrial town projects would result in uncertainties in our future development schedules, which in turn may have a material and adverse effect on our future growth prospects, profitability and profit margins.

We operate in a capital intensive industry and may not be able to obtain necessary financing for our business in the future on commercially acceptable terms.

We operate in a capital intensive industry that requires a high level of capital expenditure and we plan to incur a significant amount of capital expenditures to complete our existing industrial town projects and to continue expanding our industrial town projects into new regions.

We intend to finance our expected future capital expenditures through the proceeds from the Global Offering, bank borrowings and internal cash flows. However, whether we will be able to obtain financing for our planned capital expenditures and our future working capital needs, if necessary, depends on various factors, such as whether sufficient cash can be generated from our industrial town projects, which depends further on whether there will be sufficient demand for land developed by us, whether land use rights of such land sites will be sold at commercially reasonable prices and on schedule, or whether we are able to satisfy the conditions for the relevant financing, as well as overall economic and capital market conditions in China. In addition, certain PRC government actions and policy initiatives may limit our ability to use bank loans to finance our property development and therefore we may need to maintain a higher level of internally sourced cash for our property development in the PRC. We cannot assure you that we will be able to obtain additional financing on commercially acceptable terms, or at all, in which case our business, financial condition and results of operations may be materially and adversely affected.

Land quota for land in our industrial town projects may become invalid, and land quota available to the local governments may be reduced, under certain circumstances under the applicable PRC laws.

Under the applicable PRC laws, land quota may become invalid automatically if no action is commenced with respect to land requisition (徵地) (i.e. our land preparation process) within two years after the land quota is assigned. In addition, within two years after the completion of land requisition, which typically represents the time when the relevant land becomes ready for sale, if the relevant land with land quota obtained is not provided by the local government for sale, land quota available to such local government will be reduced correspondingly in the subsequent year. According to an interview with the Land and Resources Department of Hebei province (河北省國土資源廳) in May 2014, the action with respect to land requisition includes implementation of relocation and compensation plan and payment of compensation fees. If none of such activities is commenced within two years after the land quota is assigned, land quota for land in our industrial town projects may become invalid. In addition, we cannot assure you that all of the land with land quota in our industrial town projects will be provided for sale by the local governments within two years after the completion of land requisition. If the local governments fail to do so, the land quota available to such local governments will be reduced correspondingly in the subsequent year, which may in turn affect the supply of land quota for our industrial town projects.

We face increasing competition that could adversely affect our business and financial position.

In recent years, other property developers have begun to undertake projects similar to our industrial town development projects. Many of these developers may have significant financial, managerial, marketing and other resources, as well as experience in property and industrial town development. Competition with these developers may be intense and may result in, among other things, increased costs to obtain exclusive authorization to develop industrial town projects, oversupply of industrial town developers in certain parts of China, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such consequences may adversely affect our business, results of operations and financial position.

In addition, competition within the PRC real estate industry is intense. Many competitors, including large-scale nationwide and overseas property developers have entered the property development markets in cities of China where we have operations. Many of them may have more financial, marketing, technical or other resources than us. Competition among property developers may cause an increase in land premium and raw material costs, shortages in quality construction contractors, surplus in property supply leading to decreasing property prices, further delays in issuance of governmental approvals, and higher costs to attract or retain skilled employees. In addition, real estate markets across China are influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiment. Due to such competition, our business, financial condition and operating results may be materially and adversely affected.

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

We currently have, and after the Global Offering will continue to have, a substantial amount of indebtedness. As of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014, our total borrowings, including both current and non-current borrowings, were RMB2,684.8 million, RMB2,988.6

million, RMB3,393.1 million, RMB3,152.6 million and RMB3,438.4 million, respectively. Our substantial indebtedness could have important consequences. For example, it could:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industries in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, together with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase our cost of additional financing.

In addition, we are subject to certain restrictive covenants in our loan and financing agreements with certain banks and trust fund companies. Pursuant to the terms of these agreements, there are restrictions against misusing proceeds, entering into merger, acquisition, joint venture or restructuring, providing guarantee on third parties' debt or liquidate, breaching certain financial ratios or making any distribution or repaying shareholder's loans, without the relevant lenders' prior written consent or unless we fully settle the outstanding amounts thereunder. Some of our bank loan agreements also contain cross-default clauses. See "Financial Information – Indebtedness – Restrictive Covenants" of this prospectus. If we fail to comply with any of those covenants resulting in the banks' or trust fund companies' requesting for acceleration or other default remedies or repayment of these trust financings in part or in full at their respective maturity dates, there may be a material adverse effect on our business, financial condition and results of operations.

We had net cash used in operating activities of RMB26.6 million for the three months ended March 31, 2014.

We had net cash used in operating activities of RMB26.6 million for the three months ended March 31, 2014, primarily resulting from (i) a decrease in trade and other payables of RMB164.6 million as driven by our payment schedule to contractors in our industrial town development business and property development business, (ii) a decrease in refundable deposits on land development activities of RMB90.7 million, primarily reflecting our refund of such deposits to certain third parties which have purchased land use rights in Longhe Park and (iii) an increase in properties under development for sale of RMB30.6 million, primarily due to our continued property development activities. We may have negative operating cash flows in the future. Our business operation is dependent on, among others, our cash flows from operations and our ability to obtain continued bank loans or other financing to meet our working capital and financing requirements on favourable terms. We intend to fund our working capital needs through various means, including proceeds from the Global Offering, external borrowings and cash generated from our operations. Any adverse change to our cash flow or ability to obtain additional financing may adversely affect our business, financial condition and results of operations.

Our financing costs are affected by changes in interest rates, and our trust fund financings typically carry higher effective interest rates than those charged by commercial banks.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. PBOC has periodically adjusted its benchmark lending rates to respond to changes in the PRC and global economy. In April 2006, PBOC raised the benchmark one-year lending rate from 5.58% to 5.85% and in August 2006 further increased such rate to 6.12%. The PBOC again increased the one-year lending rate six times in 2007 from 6.12% to 7.47% in December 2007. Beginning in 2008, the PBOC decreased the benchmark one-year lending rate five times, from 7.47% to 5.31% in December 2008. Since late 2009, the PRC government introduced a new round of austerity measures to control the growth of the economy, including increasing the one-year benchmark lending rate to 5.56% on October 20, 2010 and to 6.56% on July 7, 2011. The one-year benchmark lending rate was then decreased to 6.31% on June 8, 2012 and to 6.00% on July 6, 2012. As of the Latest Practicable Date, the benchmark one-year lending rate was 6.00%. As commercial banks in China and other financial institutions based in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the mortgage rates of our customers and our financing costs.

In addition, during the Track Record Period, we obtained trust fund financing from trust fund companies in China. Trust fund companies in China typically charge higher interest rates than those charged by commercial banks. In February 2013, we entered into an agreement with a trust fund company in the PRC pursuant to which the trust fund company agreed to contribute RMB300.0 million to our subsidiary Langfang Honghao Investment, as a capital injection. We have drawn down RMB300.0 million in full on April 12, 2013, carrying an effective interest rate of 17.20% per annum after taking into consideration the initial transaction costs of RMB16.1 million. In June 2013, we entered into a loan agreement with a second trust fund company in the PRC, pursuant to which we obtained a loan of RMB300.0 million with a two-year term at an effective interest rate of 9.04% per annum, after taking into consideration the initial transaction costs of RMB9.0 million. Furthermore, in December 2013, we entered into an additional loan agreement with this trust fund company, pursuant to which we obtained a loan of RMB328.3 million with a three-year term at an effective interest rate of 5.535%. In addition, in June 2014, we entered into an additional agreement with a third trust fund company, pursuant to the trust fund company agreed to contribute RMB300.0 million to our subsidiary, Langfang Shoukai Sheng Shi Investment. In accordance with IFRS, the transaction as a whole has been treated as a loan granted to us with a one-year term at an effective interest rate of 24.61%. As a result, our loans from trust fund companies as of June 30, 2014 amounted to RMB1,201.7 million. For details of our trust fund financings, see "Financial Information – Indebtedness – Borrowings" in this prospectus. In the event that we continue to rely on trust fund financings in the future, we may incur higher financing costs than those charged by commercial banks.

We are exposed to credit risk of late or non-payment of land premium by purchasers of land use rights over industrial towns developed by us.

Our fee income derived from land development for our industrial town projects is recognized as revenue when land grant contracts are entered into between the relevant local governments and purchasers of land use rights over our industrial town projects and the amount of fee income can be measured reliably. Our ability to receive payment from the relevant local governments with respect to our development of industrial town projects in turn depends on, among other things, the payment of land premium by purchasers of land use rights to the relevant local governments in full and in a timely manner. In addition, we do not have recourse against the local government under the Longhe Agreement if the land purchasers fail to pay land premium to the relevant local government. As such, we are exposed to credit risk of late or non-payment of land premium by purchasers of land use rights over industrial towns developed by us, in which case we may have to provide for impairment of the relevant receivables if there is evidence that we may not be able to collect the outstanding amount. In 2013, one purchaser of land use rights in Longhe Park did not pay the full land premium to the relevant local government authorities within the pre-agreed timeline, and therefore we recorded a receivable of RMB201.1 million arising from land development for sale as of December 31, 2013. We have fully received the outstanding balance of such receivable in July 2014. We cannot assure you that similar incidents will not occur in the future, nor that such incidents will not adversely affect our business, financial condition and results of operations.

We may not be able to complete or deliver our industrial town projects or residential, commercial or industrial properties on time, or within budget.

The progress and costs of our industrial town projects and residential, commercial and industrial projects can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from governments;
- delays in obtaining necessary financings;
- changes to the original planning;
- delays in relocation of existing residents and/or demolition of existing buildings;
- failure of timely construction by our construction contractors;
- labor disputes and safety issues;
- natural catastrophes and adverse weather conditions;
- changes in government policies or relevant laws or regulations; and
- adverse economic conditions.

Construction delays or the failure to complete the construction of a project according to our plans, schedule or budget as a result of the above factors may affect our results of operations and financial position and may also adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delay in completion or delivery of our projects which would have had a material adverse impact on our financials or operations. However, we cannot assure you that we will not in the future experience any significant delays in the completion or delivery of our projects, or that we will not be subject to any liabilities to relevant governmental authorities or purchasers for any such delays. Liabilities arising from any delays in the completion or delivery of our projects could have a material adverse effect on our business, financial condition and results of operations.

We rely on third-party contractors and if any of these contractors fails to deliver quality service or product in a timely manner, or if our relationship with any of them deteriorates, our reputation or business operation may be adversely affected.

We engage third-party contractors to carry out various services relating to our industrial town projects and property projects, including design, foundation building, construction, equipment installation, electromechanical and pipeline engineering, mechanical installation and landscaping. We endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. However, third-party contractors may nevertheless fail to provide satisfactory services at the level of quality or within the timeline required by us. In addition, completion of our projects 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 projects.

Furthermore, our relationships with third party contractors may deteriorate and we may be, from time to time, become involved in legal proceedings with such contractors. We cannot assure you that our projects will be completed and delivered on time if there are disputes with contractors that may arise in the future.

Fluctuations in the price of construction materials and labor costs could adversely affect our business and financial performance.

As a result of the economic growth in China, prices for construction materials, including but not limited to concrete, tar, pipes and steel, and wages for construction workers have increased substantially in recent years. With the overall improvement of living standards in China as well as the PRC government's recent policies aimed at increasing wages of migrant workers, we expect labor costs to continue to increase in the near future. We are exposed to price volatility of construction materials and increased labor cost to the extent we are not able to pass the increased costs on to our construction contractors or customers.

Our revenue derived from development of residential and commercial properties is largely dependent on the development schedules and pre-sales of our properties and may therefore fluctuate from period to period, and such fluctuations make it difficult to predict our future performance.

We derive a portion of our revenue from the sale of residential and commercial properties developed by us. Our future cash flows and revenue are affected by the schedule of pre-sale and sale of our residential and commercial properties. Our results of operations may vary in the future due to various factors, including the overall development schedule of our residential and commercial properties, the level of acceptance by our customers of our properties, the timing of the pre-sale and sale of properties, our revenue recognition policies and any changes in our development costs and expenses. Our residential and commercial property developments are often developed in multiple phases over the course of several years. According to our revenue recognition policy, we recognize revenue from sales of our properties upon delivery to purchasers. There is a time difference between pre-sales of properties under development and the completion of construction works. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue, if the properties are not completed and delivered within the same period. The effect of timing of delivery on our results of operation is accentuated by the fact that we can only undertake a limited number of projects at a particular time, as we require substantial capital to fund land acquisition and construction costs. Accordingly, our results of operations for any given period may not be indicative of the actual demand for our properties or the pre-sales or sales we achieved during such period. Our revenue and profit during any given period generally reflect property purchases at a time in the past. Accordingly, our results of operations are not necessarily indicative of results that may be expected for any future period and may lead to fluctuations in the price of our Shares.

Changes in PRC laws and regulations with respect to pre-sale may materially and adversely affect our business performance.

We depend on cash flows from the pre-sale of our residential and commercial properties as a source of funding for our development of residential and commercial projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their development. We cannot assure you that the PRC government will not implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The adoption of any such measures may materially and adversely affect our cash flow position and force us to seek alternative sources of funding to finance our development of residential and commercial properties.

In addition, we make certain undertakings in our sale and purchase agreements including delivering completed residential or commercial properties and property ownership certificates to the customers within the period stipulated in the sale and purchase agreements. These sale and purchase agreements and the relevant PRC laws and regulations provide for remedies for breach of such undertakings. For example, if we pre-sell a residential or commercial property and fail to complete such property, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sold property on time, our purchasers may seek compensation for late delivery pursuant to either their contracts with us or relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate the sale and purchase agreements and claim compensation. We cannot assure you that we will not experience significant delays in the completion and delivery of our projects which may have a material adverse effect on our business, financial condition and results of operations.

According to the relevant PRC laws and regulations, property developers are typically required to assist purchasers in the registration and application for the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale and purchase agreements. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval process. Under current regulations, we are required to submit requisite governmental approvals in connection with our development of residential and commercial properties, including land use rights documents, construction work planning permits and certificates of completion, to the local bureau of land resources and housing administration after the receipt of the certificates of completion for the relevant properties and to apply for the general property ownership certificates in respect of these properties. Within regulated periods after delivery of the properties, we are required to submit the relevant sale and purchase agreements and identification documents of the purchasers, together with the general property ownership certificates, for the bureau's review before its issuance of the individual property ownership certificates in respect of the properties purchased. Delay by the various administrative authorities in reviewing the relevant applications and granting the relevant approvals as well as other factors may affect timely delivery of the general, as well as individual, property ownership certificates.

We may not be able to obtain sites that are suitable for our development of properties at commercially acceptable prices, or at all.

Land prices have increased significantly in the PRC in recent years, and may continue to increase in the future. The success of our development of residential, commercial and industrial properties in the future depends on our ability to continue to acquire suitable sites at reasonable cost. Our ability to identify and acquire suitable sites is subject to a number of factors that are beyond our control. The PRC national and local governments control land supply in the PRC and regulate land sales in the secondary market. As a result, regulatory policies towards land supply affect our ability to acquire land-use rights for sites we identify for development and the costs of any grant or acquisition. The PRC national and local governments may regulate the means by which property developers, including us, obtain land for property developments. In addition, our ability to obtain sites and increase turnover and number of our properties, as well as our costs, expenses and profit margins also depend on the availability of favorable regulatory policies and government support and grants in local areas, which we cannot guarantee we will continue to obtain in future periods.

In addition, there may not be land available in attractive locations in our target cities for new development or re-development. We cannot assure you that we will be able to identify and acquire appropriate sites at reasonable prices, or at all, in the future. Any failure to identify and acquire appropriate sites for our land reserves would result in uncertainties in our future development schedules of properties, which in turn would have a material adverse effect on our future growth prospects, profitability and profit margins.

We provide guarantee for mortgage loans of our customers of our residential and commercial properties and may become liable to mortgagee banks if our customers default on their mortgage loans.

We derive a portion of our revenue from sales of our residential and commercial properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. The availability of mortgages to our prospective purchasers would significantly affect our results of operations. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the residential and commercial properties that we develop. Typically, we guarantee mortgage loans for purchasers up until (i) we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of 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 balance sheets.

We cannot assure you that we will not be subject to guarantee-related risks. Should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our property interests as of May 31, 2014 prepared by Savills are contained in Appendix III to this prospectus. The valuations are based on certain assumptions which, by their nature, are subjective and uncertain and may differ from actual results. Accordingly, these valuations are not a prediction of the actual value expected to be achieved by us. Unanticipated results of, or changes in, particular property development projects, or changes in general or local economic conditions or other relevant factors, could affect such values.

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), all property development companies in the PRC must provide certain quality warranties for the properties they construct or sell. With respect to our development of properties, we are required to provide these warranties to our customers. We may sometimes receive quality warranties from third-party contractors we hire to construct our properties. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the retention money retained by us is not sufficient to cover our payment obligations under the quality warranties, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which may in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

Our investment properties are illiquid.

Investments in properties, in general, are illiquid compared to many other types of investments. Therefore, our ability to sell one or more of our investment properties in response to changing economic, financial and investment conditions promptly, or at all, 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 a purchaser and to complete the sale of a property currently held or planned to be held for investment purposes. Moreover, should we decide to sell a property subject to a tenancy agreement, we may have to obtain consent from or pay termination fees to our tenant. In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of investment properties to alternative uses generally requires substantial capital expenditures. In particular, we may be required to expend funds to maintain properties, correct defects, or make improvements before a property can be sold and we may not have sufficient funds available for such purposes. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties may materially and adversely affect our ability to retain tenants and to compete against our competitors and therefore our business, financial condition and results of operations may be materially and adversely affected.

The PRC government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts, and we may not be able to obtain land use rights certificates with respect to certain parcels of land.

Under PRC laws and regulations, if a property developer fails to comply with the terms of the relevant land grant contract, including those relating to the payment of land premium, scope of usage of the land and the time for commencement and completion of the property development, the PRC government may issue a warning or impose fines or other penalties on the developer. Specifically, under current PRC laws and regulations, if a developer fails to pay any outstanding land premium by the stipulated deadline, the developer may be subject to a late payment fine calculated on a daily basis or other penalties.

If a developer fails to commence development for more than one year but less than two years from the commencement date stipulated in the land grant contract, the MLR or its local branches may launch an investigation in respect of idle land. Upon the investigation, if the MLR or its local branches prove the land to be idle land, they will issue the Letter of Identification of Idle Land and impose a land idle fee on the land of 20% of the land premium specified in the contract. If a developer fails to commence development for more than two years, the land will be subject to reclamation by the PRC Government unless the delay in development is caused by governmental actions or force majeure. In addition, notwithstanding that the commencement of the development is in line with the relevant land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land has been suspended for over one year without governmental approval, the land will be treated as idle land. For details, see "Regulations – Property Development – Commencement of a property project and the idle land". We cannot assure you that circumstances leading to reclamation or significant delays in development schedules will not arise in the future. If any of our land is subject to reclamation, we will not only lose the opportunity to develop properties on the land, but may also lose all our past investment in the land, including land premium paid and development costs incurred.

During the Track Record Period and up to the Latest Practicable Date, a portion of Shangshi Jiahua (尚世嘉華), with a total site area of 40,000 sq.m., was delayed for more than two years from the prescribed construction commencement date under the relevant land grant contract, and our construction of a portion of Hongtai Commerce Plaza (宏泰商業廣場), with a total site area of 16,127 sq.m was delayed for more than one year but less than two years from the prescribed construction commencement date under the relevant land grant contract. We applied for extension of the relevant project commencement dates to August 2014 and obtained confirmation letters approving our application from Langfang Land Resource Bureau Development Zone Branch (廊坊市國土資源局開發區分局), Langfang Land Resource Bureau Anci Branch (廊坊市國土資源局安次區分局) and Anci People's Government (廊坊市安次區人民政府), the competent governmental authorities, on January 7, 2014, January 13, 2014 and February 25, 2014, respectively.

Our business may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, the relevant PRC governmental approvals for our property development projects.

We are required to obtain various permits, licenses, certificates and other approvals including, but not limited to, the state-owned land use rights certificates, planning permits for construction land, planning permits for construction works, permits for commencement of construction works, pre-sale permit for commodity properties and certificates or confirmations of completion and acceptance from the relevant administrative authorities at various stages of project development.

During the Track Record Period and up to the Latest Practicable Date, we commenced construction of some projects including Hongtai Longdi (宏泰龍邸) and Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)) in Longhe Park, with a total planned GFA of 192,553 sq.m., before obtaining the relevant construction permits from the governmental authorities. During the Track Record Period, we paid fines of RMB6.2 million for such non-compliance incidents. Langfang Construction Bureau (廊坊市建設局), which is the competent authority to make the confirmation as advised by our PRC legal advisor, Jingtian & Gongcheng, confirmed in an interview conducted on February 21, 2014 that as Langfang Construction Bureau has imposed pecuniary penalties with respect to the aforementioned non-compliance incidents, it will not impose any additional fines or further punishment on us as long as the relevant construction permits are obtained. We obtained the respective construction permits for Hongtai Longdi (宏泰龍邸) and Longhe Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)) on December 27, 2013, February 26, 2014 and February 27, 2014, respectively.

We cannot assure you that we will be able to obtain all necessary certificates and permits for our property development projects in a timely manner, and we cannot assure you that we will not encounter problems in fulfilling all or any of the conditions imposed for the grant of the necessary certificates or permits, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the granting of such items. Additionally, there may also be significant delays in the granting of such certificates and permits to us by the relevant PRC administrative bodies. If we fail to obtain, or are considered by relevant governmental authorities to have failed to obtain, or experience significant delays in obtaining, the requisite governmental permits, licenses, certificates and other approvals, penalties could be levied on us and our schedule of property development could be disrupted or substantially delayed, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to additional payments of statutory employee benefits.

According to PRC labor laws and regulations, we are required to pay various statutory employee benefits, including social security and housing fund contributions for all employees, to designated government agencies. During the Track Record Period, we paid statutory employee benefits of RMB8.7 million based on the local practice. As of March 31, 2014, the outstanding balance of provisions we made for statutory employee benefits was RMB5.3 million. Such provisions were made after taking into consideration our payment of statutory employee benefits in arrears, resulting from the difference between the national requirement and the local requirement and practice. As of the Latest Practicable Date, we had not received any notice, penalty-related or otherwise, from the relevant governmental authorities with respect to the payments of statutory employee benefits in arrears. According to confirmation letters issued by the competent authorities, our historical payment of social security and housing fund contributions was in line with the local requirements and practice. However, we cannot assure you that we will not be subject to any penalties or liabilities in respect of our historical payment of statutory employee benefits and the amount of our provision will be sufficient to cover any such penalty or liability. If we are required to make additional payments of social security and housing fund contributions, our operating expenses will increase and consequently our results of operations and financial condition may be materially and adversely affected.

Our Group has had certain compliance irregularities which may lead to enforcement actions being taken.

Two of our subsidiaries incorporated in Hong Kong, namely Sheng Shi International and King Billion have filed to comply with s.122 of the Predecessor Companies Ordinance with regarding timely adoption of audited financial statements. For details, see "Business – Historical Non-compliance Incidents" in the Prospectus. There is no assurance that the relevant authorities would not take any enforcement action against Sheng Shi International, King Billion and their respective directors in relation to such non-compliance. In the event that such enforcement action is taken, the reputation, cash flow and results of operation of the Group may be adversely affected.

We may be subject to penalties for our past loan advancing activities to our related parties.

As of December 31, 2011, 2012 and 2013 and March 31, 2014, our loan advances to related parties were RMB353.1 million, RMB453.2 million, RMB7.8 million and RMB5.1 million, respectively. We did not receive any interest payment in connection with these loan advances during the Track Record Period. These loans have been fully repaid and we have not made any such advances since March 31, 2014. As advised by our PRC legal advisor, Jingtian & Gongcheng, such lending activities contravened certain provisions of the Lending General Provisions (貸款通則) promulgated by the PBOC in 1996. According to the Lending General Provisions, the maximum penalty that may be imposed on our Group by the PBOC for such contravention is a total fine in the amount between one time and five times the interests gained from such loans. Our PRC legal advisor, Jingtian & Gongcheng, is of the view that, as we did not receive any interest payment in connection these loan advances, we will not be subject to penalties for these lending activities under the applicable PRC laws. However, if the PBOC levies any penalties, such penalties may adversely affect our financial condition, results of operations and reputation.

We may be unable to obtain, extend or renew qualification certificates for our development of residential and commercial properties.

As a precondition to engaging in real estate development in China, a property developer must obtain a qualification certificate and renew it on an annual basis unless the rules and regulations allow for a longer renewal period. According to current PRC rules and regulations, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Moreover, the established property developers must also apply for renewal of their qualification certificates on an annual basis. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates. We may not be able to obtain or renew the qualification certificates in a timely manner, or at all. If we do not possess valid qualification certificates, the government may refuse to issue pre-sale and other permits necessary for our property development business. In addition, the government may impose a penalty on our project companies for failure to comply with the terms of the qualification certificates. If we are unable to obtain, renew or comply with the terms of the qualification certificates, our business and financial condition could be materially and adversely affected.

Our EIT obligations will increase, which will lead to an increase in our effective tax rate.

Historically, three of our subsidiaries, namely Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun, were approved by the local tax bureau to adopt the authorized tax valuation method for determination of EIT liability. For details of the authorized tax valuation method, see "Regulations – Property Development – Major Taxes Applicable to Property Developers – Enterprise income tax". According to such authorized tax valuation method, such three subsidiaries were still subject to a 25% income tax rate, but the taxable profit of Langfang Sheng Shi Construction was deemed to be 10% of its revenue (after adjusting the non-deductible subsidies paid to enterprise customers establishing their businesses in Longhe Park), and the taxable profit of each of Langfang Hongsheng and Langfang Yonglun was deemed to be 15% of their respective revenue, for a taxable period (regardless of actual results). Such authorized tax valuation method was applicable to these subsidiaries during 2011, 2012 and 2013. Primarily as a result of the authorized tax valuation method adopted by these subsidiaries, our effective tax rate was 12.9%, 14.2% and 4.5% in 2011, 2012 and 2013, respectively. Assuming no authorized tax valuation method was adopted by any of our subsidiaries, we would have incurred additional income tax expenses of RMB136.9 million, RMB15.4 million and RMB178.0 million in 2011, 2012 and 2013, respectively. Effective from January 1, 2014, each of these subsidiaries has been approved to adopt the actual taxation method, under which taxable profit of each subsidiary is its actual taxable profit for a given taxable period. For the three months ended March 31, 2014, our income tax expense was RMB53.4 million and effective tax rate was 34.5%. As such, our effective tax rate will increase, as compared to 2011, 2012 and 2013, and our historical income tax amount in 2011, 2012 and 2013 may not be indicative of the income tax amount payable by us in the future.

We may be subject to higher LAT rates in the future.

In accordance with applicable LAT regulations in the PRC, all persons including companies and individuals that receive income from the sale or transfer of land-use rights, buildings and their attached facilities must pay LAT at 30% to 60% on any appreciation gain in respect of the land and improvements on such land. As permitted by PRC laws, we have been prepaying LAT with reference to our pre-sale proceeds. We recorded LAT expenses of RMB19.1 million, RMB19.7 million, RMB10.5 million and RMB18.4 million for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, respectively. The PRC regulatory authorities may use a different method to assess our LAT obligations. As a result, we may be required to pay additional LAT and our LAT rates and obligations in the future may also increase, which may have an adverse effect on our financial condition.

We may not be able to detect and prevent bribery or other misconduct which may be committed by our employees or third parties and such conduct may subject us to financial losses and harm our business and operation.

Bribery and other misconduct which may be committed by our employees or third parties may be difficult to prevent or deter on a timely basis, or at all, despite our internal control and corporate governance practices. Such illegal actions could subject us to financial losses and harm our business and operations. In addition to potential financial losses, improper acts of our employees or third parties could subject us to third party claims and regulatory investigations. Any bribery or other misconduct committed by our employees or third parties, whether involving past acts that have been undetected or future acts, could have an adverse effect on our reputation, business, financial condition and results of operations.

Our success depends on the continued services of our executive Directors and members of our senior management.

Our success in implementing proposed plans and maintaining growth in our profitability largely depends on the continued services provided by our executive Directors and members of our senior management. We are dependent on our executive Directors and members of our senior management. In addition, along with our steady growth and expansion into other cities in China, we will need to employ, train and retain employees on a much larger geographical scale. The ability to attract skilled employees is dependent on the resources available in each geographic area. If any member of our core management team leaves and we fail to find a suitable substitute or we cannot attract and retain the management personnel necessary to maintain efficient operations, our business, financial condition and results of operations may be materially and adversely affected.

We may not have insurance to cover certain potential losses and claims.

We do not carry insurance for any liability arising from any allegedly tortious acts committed on our construction sites in our development projects. We cannot assure you that we will not be sued or held liable for damages due to such tortious acts. For some of our construction sites, insurers may specifically carve out certain natural hazards from their all risks insurance policies and specific insurance for such hazards may not be available on what we consider to be commercially practicable terms. If we suffer losses and damages from such uninsured hazards, we may not have sufficient funds to cover the same or to rectify or replace any land or property development that has been damaged or destroyed. In addition, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with our environmental responsibilities may adversely affect our operations and profitability.

We are subject to extensive and increasingly stringent environmental protection laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees and provide for the shutdown by governmental authorities of any construction sites not in compliance with governmental orders requiring the cessation or cure of certain activities causing environmental damage. In addition, there is a growing awareness of environmental issues and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed by relevant governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations in relation to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions or cease operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Substantially all of our business assets are located in the PRC and substantially all of our sales are derived from the PRC. Accordingly, our results, financial position and prospects are subject, to a significant degree, to the economic, political and legal developments of the PRC. Political and economic policies of the PRC government could affect our business and financial performance and may result in our being unable to sustain our growth.

The economy of the PRC differs from the economies of most developed countries in a number of respects, including the extent of government involvement, level of development, growth rate, and control of foreign exchange. Before its adoption of reform and open door policies beginning in 1978, the PRC was primarily a planned economy. Since that time, the PRC government has been reforming the PRC economic system, and has also begun reforming the government structure in recent years.

These reforms have resulted in significant economic growth and social progress. Although the PRC government still owns a significant portion of the productive assets in the PRC, economic reform policies since the late 1970s have emphasized autonomous enterprises and the utilization of market mechanisms, especially where these policies apply to businesses such as ours. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our future business, results or financial condition.

Our ability to continue to expand our business is dependent on a number of factors, including general economic and capital market conditions and credit availability from banks or other lenders. Recently, the PRC government has articulated a need to contain the build-up of a property bubble and may tighten its bank lending policies, including increasing interest rates on bank loans and deposits and tightening the money supply to control growth in lending. Stricter lending policies may, among other things, affect our and our customers' ability to obtain financing which may in turn adversely affect our growth and financial condition. We cannot give any assurances that further measures to control growth in lending will not be implemented in a manner that may adversely affect our growth and profitability over time. In addition, the global economic recession and market volatility that persisted in the past two years may continue and therefore we may not be able to sustain the growth rate we have historically achieved.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

Our business and operations are primarily conducted in the PRC and are governed by the PRC laws and regulations, rules and regulations. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference, but have limited weight as precedents. Since the late 1970s, the PRC government has significantly enhanced the PRC legislation and regulations to provide protection to various forms of foreign investments in the PRC. However, the PRC has not developed a fully-integrated legal system, and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activity in the PRC. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of our violations of these policies and rules until some time after the violation. Furthermore, the legal protection available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and may result in substantial costs and the diversion of resources and management attention.

Fluctuations in exchange rates and governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively.

The RMB is not currently a freely convertible currency. We receive all of our payments from customers in RMB and will need to convert RMB into foreign currencies for the payment of dividends, if any, to holders of our Shares. Under the PRC's 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 SAFE or its local branches by complying with certain procedural requirements. However, the PRC government may take measures at its discretion in the future to restrict access to foreign currencies for current account transactions if foreign currencies become scarce in the PRC. We may not be able to pay dividends in foreign currencies to our shareholders if the PRC government restricts access to foreign currencies for current account transactions. Foreign exchange transactions under our capital account continue to be subject to significant foreign exchange controls and require the approval of the SAFE or its local branches. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

The exchange rate of the RMB against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. Since 1994, the conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China, which are set daily based on the previous business day's interbank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of RMB to U.S. dollars was generally stable. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and with reference to a basket of currencies. On the same day, the value of RMB appreciated by approximately 2% against the U.S. dollar. The PRC government has since made, and in the future may make, further adjustments to the exchange rate system.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a further and more significant appreciation of RMB against the U.S. dollar, the Hong Kong dollar or other foreign currencies. If the appreciation of RMB continues, and as we need to convert the proceeds from the Global Offering and future financing into RMB for our operations, appreciation of RMB against the relevant foreign currencies would reduce the RMB amount we would receive from the conversion. On the other hand, because the dividends on our Shares, if any, will be paid in Hong Kong dollars, any devaluation of RMB against the Hong Kong dollar could reduce the amount of any cash dividends on our Shares in Hong Kong dollar terms.

We may be deemed to be a PRC tax resident under the EIT Law and our PRC-sourced income may be subject to PRC withholding tax under the EIT Law.

We are incorporated under the laws of the Cayman Islands and directly hold interests in our PRC operating subsidiary. Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), which took effect on January 1, 2008, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed a PRC resident enterprise are subject to a 10% withholding tax, unless such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement.

The EIT Law provides that if an enterprise incorporated outside the PRC has its "de facto management bodies" within the PRC, such enterprise may be deemed a "PRC resident enterprise" for tax purposes and be subject to an enterprise income tax rate of 25% on its global incomes. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation promulgated a circular to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the tax authorities will treat a case such as ours. We cannot assure you that we will not be considered a PRC resident enterprise for PRC enterprise income tax purposes and be subject to the uniform 25% enterprise income tax on our global incomes. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, due to the short history of the EIT Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC incorporated subsidiary to us will meet such qualification requirements even if we are considered a PRC resident enterprise for tax purposes.

Furthermore, the EIT Law provides that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interest of enterprises domiciled in the PRC, then such dividends or capital gains are treated as PRC-sourced income. It is not clear how "domicile" may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered a PRC resident enterprise for tax purposes, any dividends we pay to our overseas corporate shareholders who are not deemed a PRC resident enterprise as well as gains realized by such shareholders from the transfer of our Shares may be regarded as PRC-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%.

Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under the PRC tax laws.

Under the EIT Law, we may in the future be deemed as a PRC resident enterprise by the PRC tax authorities for tax purpose. As such, it may be required to withhold PRC income tax on capital gains realized from sales of our Shares and dividends distributed to Shareholders, as such income may be regarded as income from "sources within the PRC". In this case, our foreign corporate Shareholders who are not deemed a PRC resident enterprise may become subject to a 10% withholding income tax under the EIT Law, unless any such foreign corporate Shareholder is qualified for a preferential withholding rate under a tax treaty. If the PRC tax authorities deem us as a PRC resident enterprise, Shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties will need to apply to the PRC tax authorities for recognition of eligibility for such benefits in accordance with the Circular of SAT on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties (關於印發非居民企業享受稅收協定待遇管理辦法(試行)的通知) ("**Circular 124**"), issued on August 24, 2009. Further, according to Circular 124, which became effective on October 1, 2009, the preferential tax rate does not automatically apply. It is likely that eligibility will be based on a substantive analysis of the Shareholder's tax residency and economic substance. With respect to dividends, the beneficial ownership tests under the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Tax Agreements (國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知) will also apply. If determined to be ineligible for treaty benefits, such a Shareholder would become subject to higher PRC tax rates on capital gains realized from sales of our Shares and on dividends on our Shares. In such circumstances, the value of such foreign shareholders' investment in our Shares sold in the Global Offering may be materially and adversely affected.

We face uncertainty from the Circular of State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers.

The Circular of State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the "**Circular 698**"), which was issued by SAT on December 10, 2009 with retroactive effect from January 1, 2008, provides that except for the purchase and sale of equity through a public securities market, where a foreign corporate investor indirectly transfers the equity of a PRC resident enterprise by disposing the equity of an overseas holding company ("**Indirect Transfer**") located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5%; or (ii) does not tax its residents on their foreign income, the foreign corporate investor shall report the Indirect Transfer to the competent PRC tax authority within 30 days from the date when the equity transfer agreement was made. In this case, the PRC tax authority will examine the true nature of the Indirect Transfer. Should it deem the foreign investor to have made the Indirect Transfer without reasonable commercial purpose and in order to avoid the PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purpose and re-characterize the Indirect Transfer. As a result, gains derived from such Indirect Transfer by the foreign investor may be subject to the PRC enterprise income tax.

In addition, the corporate restructuring steps taken by our Group in preparation for the Listing fall into the type of transactions subject to Circular 698's regulation. Therefore, the PRC subsidiaries of our Group may be liable to assist tax authorities for collecting such tax from the transferor if the transfer of shares is deemed to be reported according to above circular. However, it is currently unclear how the relevant PRC tax authorities will implement or enforce the above circular and whether such enterprise income tax on capital gains will be subject to any further change resulting in any materially adverse impact on our Group.

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

We are incorporated in the Cayman Islands. Almost all of our assets, and some of the assets of our Directors are located in the PRC. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (the "**Arrangement**"), pursuant to which a party with a final court judgment rendered by a

Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition ad enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liabilities or penalties, limit our ability to contribute capital to our PRC subsidiaries, limit our PRC subsidiaries' ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us.

Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**Circular 37**"), which was promulgated by SAFE and became effective on July 14, 2014, a PRC citizen residing in the PRC (a "**PRC Resident**") must register with the local branch of SAFE before he contributes assets or equity interests in an overseas special purpose vehicle ("**Overseas SPV**"), which is directly established or controlled by the PRC Resident for the purpose of overseas investment or financing. In addition, if the registered overseas special purpose company's basic information such as domestic individual resident shareholder, name, operating period has changed, or any of the major events such as domestic individual resident capital increase, capital reduction, share transfer or exchange, merger or division has ocurred, the foreign exchange change registration of relevant overseas investments must be duly completed. The PRC Resident can go through subsequent business (including repatriation of profit) only after finishing the procedures for foreign exchange change registration of overseas investments.

In Circular 37, an Overseas SPV is defined as an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institution and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. Our PRC legal advisor, Jingtian & Gongcheng, has advised us that as of the Latest Practicable Date, Ms. Zhao Ying, our ultimate individual Shareholder, is not required to be registered with the local SAFE branch under the Circular 37. Due to the uncertainty concerning the reconciliation of the new notices with other approval requirements, it remains unclear how the Circular 37 and any future legislation concerning offshore investment or cross-border transactions will be interpreted, amended and implemented by the relevant PRC government authorities. Any failure by our PRC Shareholders to register with SAFE or update SAFE's records may result in the prohibition of distributions or contributions from capital reductions, share transfers or liquidations of our PRC subsidiaries and may affect our ownership structure, acquisition strategy, business operations and ability to make dividend payments to our Shareholders.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the net proceeds from the Global Offering to make additional capital contributions or loans to our major PRC subsidiaries.

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the net proceeds from the Global Offering, are subject to PRC regulations. For example, any of our loans to our PRC subsidiaries which are foreign investment enterprises cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under relevant PRC laws and the registered capital of our major PRC subsidiaries, and such loans must be registered with the local branch of SAFE. In addition, our capital contributions to our major PRC subsidiaries must be approved by MOFCOM or its local counterpart.

Furthermore, a foreign-invested real estate enterprise shall comply with the following rules as stated in the Guidelines of Operation and Administration of Foreign Debt Registration dated May 13, 2013:

(i) SAFE no longer processes foreign debt registrations by foreign investment real estate enterprises if such foreign investment real estate enterprises obtained their approval certificates from the relevant PRC governmental authorities and had effected their filings with MOFCOM on or after June 1, 2007.

(ii) Foreign investment real estate enterprises established before June 1, 2007 shall still have the right to incur foreign debts within the statutory limit, which equals the outstanding balance between total investment and registered capital prior to the increase, or the outstanding balance between total investment and registered capital of such enterprises upon and after the increase, whichever is less.

(iii) Foreign investment real estate enterprises cannot borrow foreign debt and process foreign debt registrations if its registered capital has not been fully paid, or the land use rights certificates have not been obtained or its capital ratio of project development has not reached 35%.

We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be negatively affected, which may adversely affect our PRC subsidiaries' liquidity and ability to fund their working capital and expansion projects and meet their obligations and commitments and would have a material adverse effect on our business, financial condition and results.

We face risks related to health epidemics and other outbreaks of contagious diseases, including avian flu, SARS and swine flu.

Our business could be adversely affected by the effects of avian flu, SARS, swine flu or another epidemic or outbreak. During April 2013, there were outbreaks of highly pathogenic avian flu, caused by the H7N9 virus, in certain parts of China. In early 2009, there were reports of outbreaks of a highly pathogenic swine flu, caused by the H1N1 virus, in certain regions of Asia and Europe. An outbreak of contagious diseases, and other adverse public health developments in China, would have a material adverse effect on our business operations. These could include restrictions on our ability to travel or to ship our products outside of China, as well as cause temporary closure of our manufacturing facilities. Such closures or travel or shipment restrictions would severely disrupt our operations and adversely affect our financial condition and results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, SARS, swine flu or any other epidemic.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares, and an active trading market may not develop.

Before the Global Offering, there was no public market for our Shares. The initial offer price range of our Shares, and the Offer Price, will be the result of negotiations between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us. In addition, while we have applied to have our Shares listed on the Hong Kong Stock Exchange, there can be no guarantee that (i) an active trading market for our Shares will develop or, (ii) if it does, that it will be sustained following the completion of the Global Offering, or (iii) the market price of our Shares will not decline below the Offer Price. You may not be able to resell our shares at a price that is attractive to you, or at all.

The price and trading volume of our Shares may be volatile which could result in substantial losses for investors purchasing our Shares in the Global Offering.

The price and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, amongst others, some of which are beyond our control:

- variations of our results of operations (including variations arising from foreign exchange rate fluctuation);
- loss if significant customers or material defaults by our customers;
- changes in securities analysts' estimates of our financial performance;
- announcement by us of significant acquisitions, strategic alliances or joint venture;
- addition or departure of key personnel;
- fluctuations in stock market price and volume;
- involvement in litigation; and
- general economic and stock market conditions.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Any actual or perceived sale of Shares in the future by our existing Shareholders may have a material adverse effect on our Share price.

Future sales by our existing Shareholders of a substantial number of our Shares in the public markets after the Listing may materially and adversely affect the market price of our Shares prevailing from time to time. Only a limited number of our Shares currently outstanding will be available for sale immediately after the Listing due to contractual and regulatory restrictions on re-sale. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of our Shares, or the perception that these sales may occur, may materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma net tangible asset value of RMB1.10 (or HK$1.38) per Share based on the maximum Offer Price of HK$3.75.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience further dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share.

You may face difficulties in protecting your interests because we were incorporated under Cayman Islands laws, 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.

Our corporate affairs are governed by the Memorandum, the Articles of Association, and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. These differences may mean that the remedies available to the Company's minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. See "Summary of the Constitution of the Company and Cayman Company Law" in Appendix IV to this prospectus for further information.

Facts and statistics in this prospectus relating to the PRC, the PRC economy and the PRC property development industry may not be fully reliable.

Facts and statistics in this prospectus relating to the PRC and the industry in which we operate, including those relating to the PRC economy and the PRC industrial town development industry and property development industry, are derived from various publicly available government and official sources or private publications from Independent Third Parties which our Directors believe are reliable. However, we cannot give any assurance as to the quality or reliability of such source materials. Our Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading 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 us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates or advisors or any other parties involved in the Global Offering. We, therefore, make no representation as to the accuracy and completeness of such information. Accordingly, such facts and statistics should not be unduly relied upon. Investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics and should not place undue reliance on them.

In preparation for the Global Offering, our Company has sought the following waiver from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

MANAGEMENT PRESENCE

According to Rule 8.12 of the Hong Kong Listing Rules, we must have a sufficient management presence in Hong Kong, and this will normally mean that at least two of the executive Directors must be ordinarily resident in Hong Kong.

Given that substantially all of our business and principal operations are located in the PRC, all of our assets are based in the PRC and three out of our four executive Directors are ordinarily based in the PRC, we consider that it would be practically difficult and commercially unnecessary to either relocate our executive Directors who are based in the PRC to Hong Kong or to appoint an additional executive Director who is ordinarily resident in Hong Kong. We further consider that our management, including our executive Directors, is best able to attend its functions by being based in the PRC and remain close to our core operations. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements of Rule 8.12 of the Hong Kong Listing Rules and the following arrangements have been made for maintaining regular and effective communication with the Hong Kong Stock Exchange:

(a) We have appointed two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange and ensure that we comply with the Hong Kong Listing Rules at all times. The two authorized representatives appointed are Mr. Wang Jianjun (王建軍), an executive Director of the Company, and Ms. To Yee Man (杜依雯), our company secretary. Ms. To Yee Man (杜依雯) is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Hong Kong Stock Exchange within a reasonable time frame upon the request of the Hong Kong Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives is duly authorized to communicate on behalf of the Company with the Hong Kong Stock Exchange. We will inform the Hong Kong Stock Exchange promptly in respect of any change in our authorized representatives or their alternates. The Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 2, 2014.

(b) Each of the authorized representatives has means to contact all members of the Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Hong Kong Stock Exchange wishes to contact any Directors for any matters. To enhance the communication between the Hong Kong Stock Exchange, the authorized representatives and the Directors, the Company will implement a policy that (i) each Director will have to provide his/her office and mobile phone numbers, fax numbers and email addresses to the authorized representatives; (ii) in the event that a Director expects to travel or is out of office, he/she will have to provide the phone number of the place of his/her accommodation or other means of communications to the authorized representatives; and (iii) all the Directors and authorized representatives will provide their office and mobile phone numbers, fax numbers and email addresses to the Hong Kong Stock Exchange. We will keep the Hong Kong Stock Exchange up to date in respect of any changes to such details.

(c) In addition, each of the Directors (including the independent non-executive Directors) not ordinarily resident in Hong Kong has confirmed that he/she possesses valid travel documents to visit Hong Kong and would be able to come to Hong Kong and meet with the relevant officers of the Hong Kong Stock Exchange within a reasonable period, if and when required.

(d) We have appointed Emperor Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules who will have access at all times to the authorized representatives, the Directors and other senior management of the Company, and who will act as an additional channel of communication with the Hong Kong Stock Exchange for the period commencing on the date of the initial listing of the Shares on the Main Board of the Hong Kong Stock Exchange and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of its financial results for the first full financial year commencing after the date of its initial listing. The contact person of our compliance advisor will be fully available to answer any enquiries from the Hong Kong Stock Exchange.

(e) Furthermore, we will also appoint other professional advisors (including legal advisors and accountants) after the Listing to assist us in dealing with any questions which may be raised by the Hong Kong Stock Exchange and to ensure that there will be efficient communication with the Hong Kong Stock Exchange.

(f) We will maintain a principal place of business in Hong Kong.

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 and the Hong Kong Listing Rules for the purposes 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 and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive and that there are no other matters the omission of which would make any statement herein or in this prospectus materially misleading.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date. The Global Offering is managed by the Joint Global Coordinators. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

SELLING RESTRICTIONS

Each person acquiring Offer Shares will be required to confirm, or by his/her acquisition of Offer Shares be deemed to confirm, that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the Application Forms and the offering and sales 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. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Sponsors, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed "How to Apply for the Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Save as disclosed herein, no part of the equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be void if the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and our Company's compliance 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 date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange 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. All necessary arrangements have been made for our Shares to be admitted into CCASS.

Investors should seek advice of their stockbrokers or other professional advisors for details of the settlement arrangements that may affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in our Shares (or exercising rights attached thereto). It is emphasized that none of our Group, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisors or any other person involved in the Global Offering accepts responsibility for the tax effects or liabilities resulting from your subscription for, purchase, holding, disposal of or dealing in, or the exercise of any rights in relation to, our Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands.

Dealings in our Shares registered on the share register of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, Morgan Stanley Asia Limited, as stabilizing manager, or any person acting for it may over-allot Shares or effect any other transactions with a view to stabilizing and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action.

In connection with the Global Offering, our Company is expected to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Underwriters' Representatives (for and on behalf of the International Underwriters) at any time on or before the expiration of a period at 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 49,200,000 Shares, representing 15% of the total number of Shares initially available under the Global Offering, to cover, among other things, over-allocations in the Global Offering, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in the sections headed "Structure of the Global Offering – The International Offering – Over-allotment Option" and "Structure of the Global Offering – Over-allotment and Stabilization" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The application procedures for the Hong Kong Public Offer Shares are set out in the section headed "How to Apply for the Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our share registrar, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our share registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Companies Law and our Articles of Association;

- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Hong Kong dollars have been translated, for the purpose of illustration only, into Renminbi and U.S. dollars, and vice versa, in this prospectus at the following rate:

USD1.0000: RMB6.1793 (the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States on August 1, 2014)

HK$1.0000: RMB0.79588 (set by the PBOC for foreign exchange transactions prevailing on August 1, 2014)

HK$7.7496: USD1.0000 (the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States on August 1, 2014)

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.

LANGUAGE

In this prospectus, if there is any inconsistency between the Chinese name of the entities or enterprises established in China, PRC nationals, PRC government entities or PRC laws, rules and regulations and their English translations, the Chinese names shall prevail. English translations of names of entities or enterprises established in China and PRC laws, rules and regulations are for identification purpose only.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Jianjun (王建軍)	No. 170 Ai Min Dong Road Guangyang District Langfang City Hebei Province China	Chinese
Mr. Yang Yun (楊允)	Room 602, Unit 3 Building 13B, Hongtai Garden Kangzhuang Road Guangyang District Langfang City Hebei Province China	Chinese
Mr. Wang Yagang (王亞剛)	Room 402, Unit 1 Building 28, Yishujia Neighbourhood Guangyang Lane Guangyang District Langfang City Hebei Province China	Chinese
Mr. Huang Peikun (黃培坤)	Flat B, 16/F Tower 2 Queen's Terrace No.1 Queen Street Hong Kong	Chinese
Non-executive Director		
Ms. Zhao Ying (趙穎)	Flat A, 11/F, BLK 5 Residence Bel-Air Island South 28 Bel-Air Avenue, Southern Hong Kong	St. Kitts and Nevis

Name	Address	Nationality
Independent Non-executive Directors		
Ms. Zhang Xiaomei (張曉梅)	Room 501, Gate No. 3 Zhuquemen Jiayuan Xicheng District Beijing City China	Chinese
Mr. Wei Yu (魏宇)	Room 1102, Unit 2, 10/F, Building No.3 Fanhai International Residence No. 26, Xin Zhuang Yi Jie Chaoyang District Beijing City China	Chinese
Dr. Wong Wing Kuen, Albert (王永權博士)	House No. 27, Section C, 3rd Street Fairview Park Yuen Long, New Territories Hong Kong	Chinese

For further information, please refer to the section headed "Directors, Senior Management and Employees".

PARTIES INVOLVED

Name	Address
Joint Sponsors	**Morgan Stanley Asia Limited** 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CITIC Securities Corporate Finance (HK) Limited 26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

Name	Address
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	ICBC International Capital Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	CCB International Capital Limited 12/F., CCB Tower 3 Connaught Road Central Central, Hong Kong
Joint Bookrunners	**Morgan Stanley Asia Limited** 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	ICBC International Capital Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	CCB International Capital Limited 12/F., CCB Tower 3 Connaught Road Central Central, Hong Kong
	DBS Asia Capital Limited 17/F, The Center 99 Queen’s Road Central Hong Kong
	First Shanghai Securities Limited 19/F, Wing On House 71 Des Voeux Road Central Hong Kong

Name	Address
	GF Securities (Hong Kong) Brokerage Limited 29–30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Lead Managers	**Morgan Stanley Asia Limited** 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	CCB International Capital Limited 12/F., CCB Tower 3 Connaught Road Central Central, Hong Kong
	DBS Asia Capital Limited 17/F, The Center 99 Queen's Road Central Hong Kong
	First Shanghai Securities Limited 19/F, Wing On House 71 Des Voeux Road Central Hong Kong
	GF Securities (Hong Kong) Brokerage Limited 29–30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Celestial Securities Limited 9/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

Name	Address
Legal advisor to our Company	*As to Hong Kong and United States law* **Morrison & Foerster** 33/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing, China *As to Cayman Islands law* **Conyers Dill & Pearman (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisor to the Underwriters	*As to Hong Kong and United States law* **Paul Hastings** 21–22/F Bank of China Tower 1 Garden Road Hong Kong *As to PRC law* **Commerce & Finance Law Offices** 6F, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing, China
Reporting Accountants	**Deloitte Touche Tohmatsu** 35/F, One Pacific Place 88 Queensway Hong Kong

Name	Address
Property valuer	**Savills Valuation and Professional Services Limited** 23/F, Two Exchange Square Central Hong Kong
Industry consultants	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6th Floor, Three Pacific Place 1 Queen's Road East Hong Kong
Receiving banks	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong
	DBS Bank (Hong Kong) Limited 16/F, The Center 99 Queen's Road Central Hong Kong

Registered office in the Cayman Islands	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in the PRC	Unit 20703, Level 6 Galaxy SOHO (銀河SOHO) No. A7 Xiaopaifang Hutong Dongcheng District Beijing China
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 1902, China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Company website	www.vastiud.com *(information contained in this website does not form part of this prospectus)*
Company secretary	**Ms. To Yee Man (杜依雯)** *(HKICPA)* Room 1902, China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Authorized representatives	**Mr. Wang Jianjun (王建軍)** No. 170 Ai Min Dong Road Guangyang District Langfang City Hebei Province China **Ms. To Yee Man (杜依雯)** Room 1902, China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong

Audit committee	Dr. Wong Wing Kuen, Albert *(Chairman)* Ms. Zhang Xiaomei Mr. Wei Yu
Remuneration committee	Mr. Wei Yu *(Chairman)* Ms. Zhao Ying Ms. Zhang Xiaomei
Nomination committee	Mr. Wang Jianjun *(Chairman)* Mr. Wei Yu Ms. Zhang Xiaomei
Principal share registrar and transfer office	**Codan Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712–1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance advisor	**Emperor Capital Limited** 28th Floor, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Principal bankers	**Industrial Bank Co., Ltd. Langfang Branch** Level 1, Tianli Deyi Mansion, No. 76 Xinhua Road Guangyang District Langfang City Hebei Province China **Bank of Hebei Langfang Branch** No.55, Guangyang Road Langfang City Hebei Province China

Industrial and Commercial Bank of China Heping Road Branch
No. 101, Heping Road
Langfang City
Hebei Province
China

Agriculture Bank of China Jiefang Road Branch
Zonghe Mansion, Yongyue Lane, Jiefang Road
Guangyang District
Langfang City
Hebei Province
China

China Development Bank
29 Fuchengmenwai Street
Xicheng District
Beijing
China

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged JLL for preparing an independent industry report in respect of the Global Offering. We believe that the sources of such information and statistics are appropriate and we have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any part of the information has been omitted rendering such information false or misleading. The information and statistics have not been independently verified by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other persons involved in the Global Offering or their respective directors, advisors and affiliates. Therefore, no representation is given as to the correctness or accuracy in respect of the information and statistics set out in this prospectus. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the JLL report, which may qualify, contradict or have an impact on the information and statistics disclosed in this section. The information and statistics contained in this section may be inconsistent with other information prepared inside or outside the PRC.

OVERVIEW OF THE PRC ECONOMY

China's economy has achieved substantial growth in the past decades and became the world's second largest economy by nominal GDP after the United States. Between 2008 and 2013, China's nominal GDP grew from RMB31.4 trillion to RMB56.9 trillion, representing a CAGR of approximately 12.6%, making China one of the fastest growing economies in the world.

China's rapid economic development has boosted the pace of its urbanization. Urban population has been growing rapidly for the past 20 years and the urbanization rate continues to increase steadily. Rapid urbanization, coupled with concurrent industrialization, has created robust demand for investment in the infrastructure facilities and residential and commercial properties, which contributes to further economic growth.

The table below presents China's economic conditions for the periods indicated.

	2008	2009	2010	2011	2012	2013	2008-2013 CAGR
Nominal GDP (RMB Billion)	31,405	34,090	40,151	47,310	51,947	56,885	12.6%
Real GDP Growth (%)	9.6	9.2	10.4	9.3	7.8	7.7	NA
GDP per capita (RMB)	23,708	25,608	30,015	35,198	38,420	41,805	12.0%
Annual disposable income per capita of urban households	15,781	17,175	19,109	21,810	24,565	26,955	11.3%
Total population (year-end) (Million persons)	1,328	1,335	1,341	1,347	1,354	1,361	0.5%
Urban population (year-end) (Million persons)	624	645	670	691	712	731	3.2%
Urbanization rate (%)	46.99	48.34	49.95	51.27	52.57	53.73	NA

Source: National Statistics Bureau of China

INDUSTRIAL TOWN DEVELOPMENT IN THE PRC

Industrial towns are one of the pilot models to drive the urbanization process of China in recent years. An industrial town is usually industry specific, and has an integration of factories, urban infrastructures and properties which are developed in its early stage of development. Such development enables sustainable growth and development of these industrial towns into more advanced cities with higher population, well-developed commercial and residential properties and a fully integrated working and living community for its residents (產城一體).

Development History of Industrial Towns in the PRC

Urbanization in China has been taking place since 1978, as a result of the "Reform and Opening Up" Policy (改革開放). From mid-1980s, an increasing number of surplus labors has been migrating from the rural areas to urban areas, as a result of the rapid improvement to the agricultural productivity and the fast development of urban areas. Development of economic development zones was established by local governments and state-owned enterprises during the period, mainly for manufacturing purposes. In 2000, the central government firstly promulgated the concept of "accelerating urbanization process" and started to "develop small-size suburban towns". Urbanization rate in 2000 was 36.2%, representing an increase of 18.3 percentage points since 1978. Rapid urbanization stimulated the development of suburban towns with an increasing number of enterprises clustering in these towns. Urbanization rate further increased to 53.4% in 2013, a 17.2 percentage points hike in the past ten years, almost the same as the past 20 years preceding 2000.

The current models of development zones and suburban towns in China primarily include economic development zones (經濟開發區), business parks (工業園區) and industrial towns, etc. According to JLL, land area for development zones in China only accounted for 2.0% of the construction land site in China, but contributed to 12.8% of China's GDP in 2012. The following table sets forth the nature of different models of development zones.

Types of development zone	Nature of business model
Economic development zone	– Mainly led by government authorities with less emphasis on industrial clustering and less involvement of private expertise and funds – Land developer or contractors are engaged by the governments merely for land preparation and infrastructure construction, which earn a certain level of profit on top of construction cost
Business park	– Mainly acquire land use rights through public auction, tender and listing for sale process, then plan, develop, sell and rent properties in business park under specific industrial theme – Business model similar to traditional property developer

Types of development zone		Nature of business model
Industrial towns (產業市鎮)	–	Mainly cooperate with local governments under long term agreements to provide a list of comprehensive and integrated services on planning and design, industry positioning, land preparation and infrastructure construction, marketing to bring in enterprises to build business, management and operation for industrial towns
	–	Earn revenue primarily with reference to proceeds from the sale of land use rights of such towns through public auction, tender and listing for sale process

Since 2006, modern urbanization has focused on the coordination among mid- to large-sized cities and suburban towns, and encouraged the integration of various industries into suburban towns in order to improve the working and living environment. Industrial towns then became one of the modern and pilot models in areas nearby tier one or tier two cities intended to decentralize the population from those over-crowded cities. With our start-up of Longhe Park in 2005, we are one of the pioneer service providers, among others companies, firstly engaged in the planning, development and operation of large-scale industrial towns in China. As compared with traditional economic development zones or business parks in China during the past decades, the industrial towns model focuses on achieving industrial clusters and building a fully integrated working and living community primarily through market force and professional experts in the private sector. Industrial town developers can share the benefit of land value appreciation without acquisition of land use rights. The industrial town business model can achieve a win-win situation between local governments and private service providers to drive the further development of urbanization in China.

Key Drivers of Modern Urbanization and Industrial Towns

Industrial towns recently experienced rapid development along with the rapid growth of national economy and urbanization in China. The followings are the key drivers to the emerging of industrial towns in the process of China's new urbanization.

Stronger demand growth over supply in land market

China's land reserve designated for urban construction has been significantly taken up after years of rapid economic growth. By 2020, the new demand of land designated for urban construction in China is expected to be 10 billion sq.m., which may be primarily transferred from rural land, according to the National New Urbanization Plan issued by the PRC central government in March 2014. Between 2009 and 2013, the CAGR of the total land areas sold was recorded as 16.1%, outpacing that of the total land area of new construction sites supplied in China's major land markets, indicating a stronger demand growth over supply. Such mismatch generates the need and the expectation over the deepening reform of land system. Inevitably, the PRC government seeks ways to increase its land bank by changing the nature of land use from rural construction to urban construction and adopting land re-allocation measures. The following table sets forth the total land area supplies for new construction sites and total land area sold in PRC major regions, consisting of Bohai Coastal region, Northeastern region, Yangtze River Delta region, Pearl River Delta regions, and Central Western region for the periods indicated.

	2009	2010	2011	2012	2013	2009-2013 CAGR
Total land areas of new construction sites supplied (million sq.m.)	1,050	1,646	1,781	1,661	1,792	14.3%
Total land area sold (million sq.m.)	828	1,236	1,436	1,310	1,504	16.1%
Growth of total land areas of new construction sites supplied (%)	N/A	56.8	8.2	(6.7)	7.9	N/A
Growth of total land area sold (%)	N/A	49.3	16.2	(8.8)	14.8	N/A

Source: JLL research

Favorable government policies

Since 2000 when the acceleration of the urbanization process was proposed for the first time, the PRC government brought in a series of policies to encourage and support the development of urbanization. In recent years, China continues to develop relevant policies and prioritized urban construction as one of the national strategies.

Time	Policy documents	Policy Highlights
December 2012	Central Economic Work Conference (中央工作經濟會議)	Focus on improving the quality of the urbanization plan based on scientific planning in accordance with the regional economic growth, the industrial clusters and the capacities of regional resources and environment; and adopt an integrated, intelligent, green and low carbon urbanization approach
August 2013	The 3rd Plenary Session of the 18th Central Committee (中共十八大三中全會)	Encourage development of urbanization plan by promoting a human-oriented approach; improving coordination among large-, medium- and small-size cities and small suburban towns; and accelerate integration between industrial and urban development
December 2013	Central Urbanization Work Conference (中央城鎮化工作會議)	Focuses include: (1) promoting the transformation from rural migrants to urban residents; (2) increasing the utilization of land designated for urban construction; (3) establishing a diversified and sustainable capital funding system; (4) optimizing urban layout and landscape, e.g. emphasize the concept of "city clusters-oriented" (城市群作為主體形態); and (5) enhancing urban construction and administration

Time	Policy documents	Policy Highlights
March 2014	National New Urbanization Plan (2014–2020) (國家新型城鎮化規劃(2014–2020))	Under a top-down approach (頂層設計), design the overall plan for new urbanization in China for the next five years with focuses on the plans and mechanisms promulgated since 2013, which encourages population and industries diverting from central business districts of major metropolises to neighboring areas and other suburban towns In particular, city positioning shall be made in a scientific manner for economically active metropolises such as Beijing-Tianjin-Hebei region, such that population and economy of medium- and small-size cities and small suburban towns can be clustered and enhanced

Industrial structure adjustment and industries re-deployment

Urbanization is believed to be the result of economic development and its steady development depends significantly on industries deployment. In recent years, China has continued to optimize and adjust the industrial structure and geographically re-deploy its industries. According to the latest National New Urbanization Plan, economically developed coastal regions will continue to develop industries including advanced manufacturing, technological innovation and modern services, whereas central regions will benefit from the transfer of industries from overseas and domestic coastal regions and western regions will primarily develop energy and chemical industries. As such, transferring industries from large- and medium-sized cities and re-deployment of industries will result in the emergence of industrial clusters and satellite cities, which will drive a steady and healthy development of urbanization.

For example, within Beijing-Tianjin-Hebei region, Beijing, as the capital of China, will continue to focus on population control and outflow policies, and play its core functions in residential, political and commercial aspects. With respect to Tianjin, a municipality and coastal city, it will gradually grow into a high-end industry base. Such positioning will allow Hebei region, especially the conjunction areas between Beijing and Tianjin, to directly benefit from the population and industries shifts, which in turn motivate the rise of new cities and suburban towns in the region.

Increasing financing pressure of local governments

Modern urbanization and industrial town development require intensive capital contribution. In recent years, local governments in China face increasing financing pressure. By the end of June 2013, local governments recorded a total debt of approximately RMB17.9 trillion, an increase of 12.6% compared with the end of 2012. By end of 2012, the total debt ratio of all levels of governments reached 113.41%. In 2012 and 2013, the amount of Local Government Financing Vehicle bonds ("城投債") issued reached RMB636.8 billion and RMB947.1 billion, respectively. It is expected that a peak level of those bonds of RMB350 billion will be due in 2014. As such, local government have been attempting to introduce private enterprises with adequate financing capacities, as well as modern management expertise, professional industrial planning and design capabilities, and market-oriented operations, to participate in the industrial town development, further improving the quality of industrial towns.

Rapid development of the national transportation network

Inter-city transportation network shortens the distance between cities and the fast-growing of the logistics industry provides strong supports for them. By the end of 2012, the length of national road network was 173,400 km while that of national highway network was 68,000 km. According to the National Road Network Plan (2013–2030), it is expected that the national road network and highway network will reach 265,000 km and 118,000 km, respectively, by the end of 2030. According to the Twelfth Five-Year Plan, the length of national railway in operation will reach 120,000 km by the end of 2015, increasing from 98,000 km by the end of 2012. High accessibility provided by the transportation network will further accelerate the urbanization and speed up the integration of urban and rural areas.

The Trend of Modern Urbanization and Industrial Towns

Continuing civilization of rural population

China will continue to implement Hukou Policy (戶口政策) reform. The Decision on Certain Major Issues issued in the 3rd Plenary Session of the 18th Central Committee proposes that (i) restrictions on Hukou of small cities and suburban towns will be removed; (ii) requirements of obtaining Hukou in medium-sized cities will be loosened in an orderly manner; (iii) reasonable conditions to obtain Hukou in large cities will be adopted; and (iv) population size of metropolitans will be strictly controlled. The process of population urbanization will continue with the increasing rural population to shift to medium-and small-size cities and suburban towns.

Establishment of city clusters with metropolitans as regional centers

China has already formed three well-developed metropolitan clusters, namely, Beijing-Tianjin-Hebei region, the Yangtze River Delta and Pearl River Delta, after years of urbanization. The GDP of these major metropolises accounted for 37% of the total GDP in China in 2013. In December 2013, a "Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) is proposed on the Central Urbanization Work Conference, in which (1) East-West Transportation Corridor (陸橋通道) and Yangtze Transportation Corridor (沿長江通道) will form the two horizontal axises; (2) Costal High-speed Railway (沿海高鐵), Harbin-Beijing-Guangzhou Railway (京哈京廣鐵路) and Baotou-Kunming Railway (包昆鐵路) will form the three vertical axises; and (3) major metropolitan clusters, and areas and cities along these axises will form the main components of the strategic urbanization deployment. The city clusters with metropolitans as regional centers will become a major trend in the development of modern urbanization.

Diversified sources of funding with increasing involvements of private capital

Under increasing financing pressure, local governments are prone towards private capital to invest in urbanization and industrial towns, parallel to their own financing solutions, including local tax revenue and issuance of local government bonds. Certain local governments, including Beijing, Shanghai, Hebei and Sichuan, recently issued regional government policies to promote and regulate the involvement of private capital in land development and industrial town construction. It is believed that private enterprises, especially those enterprises with adequate capital base and financing capabilities, will be able to locate enormous opportunities in the fields of industrial town development. Comprehensive industrial town service providers, with know-hows in the entire value chains such as planning and design, industry positioning, land preparation, infrastructure construction, and marketing and promotion, will enhance their competitiveness in the industrial town development.

Human-oriented urbanization with sustainable development

During the past decades, China has witnessed rapid urbanization. However, a series of problems, such as insufficient capacity of large- and medium-size cities, lack of public resources, serious environmental pollutions and widening gaps between rural and urban areas, emerged during urbanization process in the past. These contradictions resulted in more stringent requirements for modern urbanization. On one hand, with fast growing of tertiary industries, including healthcare, cultural, financials, environment and infrastructure, industries deployment became more complete. On the other hand, there are increasing demands for public services, including education, employment, social services, housing security system. As such, industrial towns under modern urbanization process are expected to be human-oriented and sustainable with natures of integration, intelligence, green and low-carbon.

OVERVIEW OF THE PRC LAND MARKET

The development of industrial towns in China is typically influenced by the PRC land market, since the revenue received by service providers for industrial towns are usually calculated with reference to a portion of the proceeds from the sales of land use rights, which are affected by the supply and demand of land area in industrial towns.

Supply of the Land Market

The total land supply in China recorded a steady growth during 2009 to 2013. The following table sets forth the selective statistics of land supply in PRC major land markets, consisting of Bohai Coastal region, Northeastern region, Yangtze River Delta region, Pearl River Delta region, and Central-Western region for the periods indicated.

	2009	2010	2011	2012	2013	2014 Q1	2009-2013 CAGR
Total number of new construction sites supplied	24,157	36,275	41,643	41,247	45,377	8,772	17.1%
Total land areas of new construction sites supplied (million sq.m.)	1,050	1,646	1,781	1,661	1,792	342	14.3%
– for residential property development (million sq.m.)	475	736	676	563	674	139	9.2%
– for commercial property development (million sq.m.)	105	182	198	243	290	52	29.0%
– for industrial property development (million sq.m.)	464	705	871	812	793	144	14.4%
– for others property development such as infrastructures (million sq.m.)	7	23	35	42	34	8	49.8%

Source: China Real Estate Index System ("CREIS" 中國指數研究院)

Demand of the Land Market

Land transaction volume in the land market in China has been growing notably since 2009, with demand of land area growing faster than the supply. In particular, total land area sold in 2012 experienced a drop by 8.8% from 2011 due to tightening government policies, and the average prices of land sold for commercial and industrial property development also fell accordingly. However, land demand momentum recovered strongly in 2013, with all statistics increasing significantly from 2012. The following table sets forth the selective statistics of land transactions in PRC major land markets, consisting of Bohai Coastal region, Northeastern region, Yangtze River Delta region, Pearl River Delta region, and Central-Western region for the periods indicated.

	2009	**2010**	**2011**	**2012**	**2013**	**2014 Q1**	**2009-2013 CAGR**
Total number of land parcels sold	18,764	27,725	34,011	33,104	38,670	7,559	19.8%
Total land area sold (million sq.m.)	828	1,236	1,436	1,310	1,504	289	16.1%
Average price per square meter of land sold (RMB per sq.m.)	1,790	1,921	1,559	1,591	2,196	2,613	5.2%
– for residential property development (RMB per sq.m.)	2,970	3,340	2,974	3,242	4,055	4,455	8.1%
– for commercial property development (RMB per sq.m.)	2,544	2,822	2,969	2,678	3,423	4,368	7.7%
– for industrial property development (RMB per sq.m.)	311	315	330	316	368	380	4.3%

Source: CREIS

The PRC government implemented a frame to regulate the economic activities in land market. For details, see “Regulations – Industrial Town Development”. According to JLL, in light of the continuous urbanization and economic development in the PRC, it is expected that the land market will continue with its uptrend on both supply and demand sides in the foreseeable future.

OVERVIEW OF THE PRC PROPERTY MARKET

The favorable economic environment in the PRC has fuelled the rapid growth of the PRC property market. The following table sets forth the selective statistics for PRC property market for the periods indicated.

	2008	2009	2010	2011	2012	2013	2008-2013 CAGR
Real estate investment in residential properties (RMB billion)	2,244	2,561	3,403	4,432	4,937	5,895	21.3%
Real estate investment in commercial properties (million sq.m.)	452	556	746	998	1,268	N/A	29.4%(1)
GFA of new residential properties commenced (million sq.m.)	836	933	1,294	1,472	1,307	1,458	11.8%
GFA of new commercial properties commenced (million sq.m.)	125	153	211	261	280	N/A	22.3%(1)
GFA of residential properties sold (million sq.m.)	593	862	934	965	985	1,157	14.3%
GFA of commercial properties sold (million sq.m.)	40	62	61	57	57	N/A	9.3%(1)
Average price of residential properties (RMB per sq.m.)	3,576	4,459	4,725	4,993	5,428	5,850	10.3%
Average price of commercial properties (RMB per sq.m.)	7,132	8,740	9,577	10,408	10,664	N/A	10.6%(1)

Sources: National Bureau of Statistics of China; CREIS

Note:

(1) Refers to 2008–2012 CAGR.

The PRC government has in recent years introduced certain policies and implemented various measures to control the substantial increases in property prices in the PRC, including, among others, further tightening the requirements for lending to property developers, and increases in the proportion of down payments of purchase prices and mortgage interest rates. Most recently, on February 26, 2013, the General Office of the State Council announced the Notice on Continuing to Improve the 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》), to strengthen management and control over the PRC property market. For further details on these austerity measures, see "Regulations – Property Development – Regulation and Control of Real Estate Market".

It is expected that the pace of increase in average selling prices and sales volumes in the PRC residential property market will be eased or negatively affected in the short term as the tightening policies are likely to weaken the market sentiment. However, according to JLL, despite the fact that the austerity measures have mainly impacted the residential market in first-tier cities in the PRC, the steady upward trend in the average selling prices of residential properties is not likely to be reversed in such first-tier cities due to continuous economic development and fast-growing urbanization in the PRC. In addition, according to JLL, it is likely that the local austerity measures in the third- and fourth-tier cities will be softened in order to stimulate demand growth. In the long term, it is expected that the macro-economic factors in China will continue to grow in a steady pace, boosting the urbanization and leading to further demand for the property market.

The tightening policies and austerity measures applicable to the residential property market in China have not had any material adverse effect on our property development business. During the Track Record Period, there was a general decrease in our revenue from sales of properties, mainly due to our business focus on industrial town development.

Moreover, as the main objective of these policies and austerity measures is to direct consumers to make reasonable purchases of residential properties and discourage over-heated investment and speculation in the residential property markets, according to JLL, the impact of these policies and austerity measures on the PRC industrial town market, which is our key business focus, is immaterial.

REGIONAL MARKETS OVERVIEW

Langfang, Hebei Province (河北省廊坊市)

Langfang, which is called "the Pearl of the Corridor between Beijing and Tianjin", is in the hinterland of Bohai Coastal region, one of the major economic growth regions in China. Langfang is located in the central east of Hebei province, with the Capital Beijing in the north and Tianjin in the east. The central area of Langfang is approximately 50 kilometers to the central area of Beijing, 80 kilometers to the central area of Tianjin, 70 and 90 kilometers to the two large airports of Beijing and Tianjin, and 100 kilometers to Tianjin Port. Furthermore, Langfang is only 30 kilometers to The Second Beijing Capital International Airport which is under planning. The new airport is expected to handle 120 to 200 million passengers per annum, one of the world's busiest airports by passenger traffic. The new airport is expected to complete construction by 2018. In addition, there are eight expressways and five trunk railways crossing Langfang as well as eleven national and provincial highways crossing the area.

The strategic location of Langfang enable itself to capture opportunities arising from the economic growth of Beijing, which has experienced significant increases in land and property prices as well as the migration of population and certain industrials to its surrounding areas. In February 2014, Beijing-Tianjin-Hebei Integration and Development Plan (京津冀協同發展) has been promoted as a national strategy, further accelerating the integration process of the region with Beijing-Langfang-Tianjin corridor as one of the focuses.

Langfang Economic Overview

Langfang has a total population of 4.44 million and an urban area population of 763,700 in 2012. The total land area is around 6,429 square kilometers. Langfang consists of three districts and six counties, and supervises Sanhe and Bazhou cities. The following table sets forth certain economic data with respect to Langfang for the periods indicated:

	2008	2009	2010	2011	2012	2013	2008-2013 CAGR
Total population (10,000 persons)	410	412	436	440	444	439	1.4%
Nominal GDP (RMB100 million)	1,061	1,148	1,351	1,611	1,792	1,943	12.9%
Nominal GDP growth rate (%)	12.8%	10.8%	12.5%	11.5%	9.7%	9.1%	N/A
GDP per capita (RMB)	29,120	34,658	38,515	38,910	40,598	44,222	8.7%
Annual disposable income per capital of urban households (RMB)	12,312	17,752	19,576	22,818	25,766	26,985	17.0%
Urbanization rate (%)	46.3%	47.3%	48.0%	48.5%	50.6%	N/A	N/A

Sources: The Statistics Bureau of Hebei Province; the Langfang Industry and Commerce Council; Langfang national economy and social development statistical public report

Overview of the Land Market in Langfang

In terms of land supply, the total land area of new construction sites supplied in Langfang has been growing from 2009 to 2013 with a CAGR of 7.9%. Due to the continuous development of industrial towns and business parks in Langfang, new construction sites supplied for industrial property reached 2.12 million sq.m. in 2013, sharply picking up at a CAGR of 17.8% from 2009. The following table sets forth the selective data of land supply in Langfang for the periods indicated:

	2009	2010	2011	2012	2013	2014 Q1	2009-2013 CAGR
Total land area of new construction sites supplied (thousand sq.m.)	3,447	4,830	4,178	4,490	4,679	168	7.9%
– for residential and commercial property development (thousand sq.m.)	2,346	3,955	1,957	2,352	2,409	128	0.7%
– for industrial property development (thousand sq.m.)	1,101	875	2,177	1,853	2,120	27	17.8%

Source: CREIS

In terms of land demand, total number of land parcels sold and total land area sold in Langfang have been growing rapidly from 2009 to 2013 with a CAGR of 18.7% and 8.1%, respectively, among which, total number of industrial land parcels sold and total land area sold for industrial development witnessed greater growth with a CAGR of 20.9% and 15.7%, respectively. The robust demand for industrial land parcels are mainly driven by the continuous development of industrial towns and business parks in Langfang.

The land price in Langfang was affected by tightening government measures in recent years with average price per sq.m. of land sold for residential and commercial development dropped significantly in 2012, however, the land price, in particular that of land sold for residential and commercial development, recorded a strong recovery in Langfang in 2013, due to the price hike in the property market of Langfang. The following table sets forth the selective data of land transactions in Langfang for the periods indicated:

	2009	2010	2011	2012	2013	2014 Q1	2009-2013 CAGR
Total number of land parcels sold	59	89	87	95	117	6	18.7%
– Total number of residential and commercial land parcels sold	37	63	39	47	61	4	13.3%
– Total number of industrial land parcels sold	22	26	47	43	47	0	20.9%
Total land area sold (thousand sq.m.)	3,145	4,076	3,206	3,445	4,302	142	8.1%
– Total residential and commercial land area sold (thousand sq.m.)	2,044	3,236	1,308	1,891	2,190	128	1.7%
– Total industrial land area sold (thousand sq.m.)	1,101	841	1,854	1,365	1,975	0	15.7%
Average price per square meter of land sold (RMB per sq.m.)	1,586	2,869	1,573	1,662	1,846	3,682	3.9%
– for residential and commercial property development (RMB per sq.m.)	2,207	2,988	3,559	2,577	3,169	3,992	9.5%
– for industrial property development (RMB per sq.m.)	311	325	338	352	323	N/A	1.0%

Source: CREIS

Note: The overall land market contains residential and commercial land, industrial land, and others

Overview of the Property Market in Langfang

The property market in Langfang benefits from the close proximity of Langfang to Beijing. Due to the macro economy fluctuations and austerity policies on the residential market in 2012, the total GFA of residential properties sold, as well as the average price, declined in 2012. However, with solid economic growth, the total GFA of residential properties sold and the average selling price were recovered in 2013. The following table sets forth the selective statistics in Langfang property market for the periods indicated.

	2011	2012	2013	2014 Q1	2011-2013 CAGR
GFA of residential properties sold (thousand sq.m.)	1,609	1,459	1,896	418	8.5%
GFA of commercial properties sold (thousand sq.m.)	72	74	87	25	9.9%
Average price of residential properties (RMB per sq. m.)	6,058	5,794	6,544	6,469	3.9%
Average price of commercial properties (RMB per sq.m.)	13,191	11,687	15,755	14,408	9.3%

Source: CREIS

Looking forward, with the proposed integration of the Beijing-Tianjin-Hebei region in the foreseeable future, Langfang is expected to experience further economic growth and appreciation in both land and property prices.

Chuzhou, Anhui Province (安徽省滁州市)

Chuzhou is a prefecture-level city in eastern Anhui province in close proximity to the Yangtze River Delta, approximately 50 kilometers from Nanjing, Jiangsu province. Chuzhou is also in Wanjiang City Belt (皖江城市帶) which has been approved by the PRC State Council as a national pilot zone (國家級示範區) in 2010 for the development of industries shifted from the eastern Yangtze River Delta. Relying on the advantageous geographical position in the greater Yangtze River Delta, Chuzhou strives to create a new growth in the development of urbanization.

Chuzhou Economic Overview

Chuzhou administers eight county-level divisions, including two districts, a sub-prefecture-level city (Tianchang), a county-level city and four counties. Chuzhou's nominal GDP increased significantly by a CAGR of 19.0% from 2009 to 2012. The urbanization rate in Chuzhou has been maintained at approximately 22% which indicates further growth potentials. The following table sets forth the selective economic data of Chuzhou for the periods indicated:

	2009	2010	2011	2012	2013	2009-2013 CAGR
Population[1] (year-end) (10,000 persons)	450	451	453	452	449	(0.1%)
Nominal GDP (RMB100 million)	576	696	850	971	1,086	17.2%
Real GDP growth (%)	13.6	15.6	14.0	13.1	11.1	N/A
GDP per capita[2] (RMB)	12,800	15,432	18,764	21,482	27,474	21.0%
Urbanization rate (%)	22.0	22.1	22.1	22.1	22.1	N/A
Annual disposable income per capita of urban households (RMB)	13,368	15,104	17,918	20,426	22,591	14.0%

Source: Statistic Bureau of Chuzhou

Notes:

(1) Represents household population.

(2) Calculated based on nominal GDP divided by population at year end.

Overview of the Land Market in Chuzhou

Supply and demand for land area in Chuzhou remained active from 2011 to 2013. Total residential and commercial land area sold recorded a rapidly growth, whilst total industrial land area sold surged over the same period, with a CAGR of 115.0%. Such growth of demand for industrial land area was significantly higher than the new construction sites supplied for industrial development, which recorded only 21.4% for the same period. We believe land market in Chuzhou will experience healthy and steady growth going forward due to the shortage of land supply over strong demand.

The following table sets forth the selective data of land supply in Chuzhou for the periods indicated:

	2011	2012	2013	2011-2013 CAGR
New residential and commercial construction sites supplied (thousand sq.m.)	209	254	222	3.1%
New industrial construction sites supplied (thousand sq.m.)	192	275	283	21.4%

Source: Bureau of Land and Resources of Chuzhou

The following table sets forth the selective data of land transactions in Chuzhou for the periods indicated:

	2011	2012	2013	2014 Q1	2011-2013 CAGR
Total residential and commercial land area sold (thousand sq.m.)	861	1,241	1,523	940	33.0%
Total industrial land area sold (thousand sq.m.)	802	3,252	3,707	314	115.0%
Average price per sq.m. of residential and commercial land sold (RMB)	1,983	1,210	1,305	641	(18.9%)
Average price per sq.m. of industrial land sold (RMB)	168.9	168.7	169.4	168	0.1%

Source: Bureau of Land and Resources of Chuzhou

COMPETITION LANDSCAPE

According to JLL, the market of developing industrial towns in China is relatively fragmented. However, as industrial town is an emerging model with a shorter history and the local government in a region usually exclusively cooperates with one service provider to develop each industrial town in such region, there are certain entry barriers to the PRC industrial town market. Industrial town development requires intensive capital investment and various kinds of expertise. Service providers must possess planning and design capabilities, in-depth industry knowledge, a broad and high quality customer base, a good understanding of governmental policies on industrial development and demands from resident enterprises, operational expertise and capabilities to provide comprehensive business services. The service providers must also have good relationships with local governments in order to participate in projects within local areas. Therefore, early movers in the industry which have gained experiences and market reputation would have a competitive advantage over new entrants.

We primarily compete with other private service providers to attract enterprises to set up business in industrial towns, and our industrial town projects also compete with traditional economic development zones and business parks to bring in resident enterprises. Different from economic development zones emerging in past several decades, service providers involved in the industrial town development usually have unique advantages over traditional land developers or contractors engaged in land development, which are engaged by the local governments primarily for land preparation and infrastructure construction for economic development zones and derive a certain level of profit on top of their construction cost incurred. Industrial town developers provide additional services on planning, design, marketing and operation of industrial town projects over a long contracted term and usually receive returns calculated with reference to proceeds from the sale of land use rights. The service providers of industrial towns also have competitive advantages over traditional property developers of business parks in China. The developers of business parks acquire land use rights then develop and sell properties in business parks, while industrial town developers directly benefit from land value appreciation without the need to allocate a large amount of capital to acquire land use rights.

During the Track Record Period, we primarily provided services for industrial towns in Langfang. Our Longhe Park ranked No. 2 in terms of total GDP generated from industrial towns among all industrial towns in Langfang for eleven months ended November 30, 2013. Another major industrial town developer in Langfang is China Fortune Land Development Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600340), which develops and operates Gu'an Industrial Park and Dachang Chaobaihe Industrial Park. The following table sets forth top ten industrial towns ranked by total GDP generated from each park for the year ended December 31, 2013.

Name of the Parks	Industrial Theme	Year of Establishment	Planed Site Area ('000 sq.m.)	Total GDP generated from the park (in RMB billion)
Gu'an Industrial Park (固安工業園區)	Auto parts, IT and advanced manufacturing	2006	24.0	10.7
Langfang Longhe Hi-Tech[(1)] Industrial Park (廊坊龍河高新技術產業區)	IT, advanced manufacturing, modern services and property development	2005	28.0	9.4
Yongqing Industrial Park (永清工業園區)	Logistics and comprehensive services	2003	24.0	6.3
Yongqing Tiehai Logistics Industry Cluster (永清鐵海物流產業聚集區)	Energy, materials and logistics	2010	12.0	6.1
Anci Industrial Park (安次區工業園)	Telecommunication, auto parts and electronics	2006	15.0	4.0
Dachang Chaobaihe Industrial Park (大廠潮白河工業區)	Advanced manufacturing and modern service	2008	16.0	2.1
Yongqing Taiwan New Industrial Park (永清台灣工業新城)	Headquarter center, airport service and logistics	2006	37.8	1.6
Gu'an Daqinghe Economic Development Zone (固安大清河經濟開發區)	IT, advanced manufacturing and materials	2011	13.0	1.1
Langfang Longgang Econimic Development Zone (廊坊龍港經濟開發區)	Strategic emerging industry and high-end modern services	2012	10.4	0.7
Gu'an Hot Spring Commercial and Recreation Industrial Park (固安溫泉商務產業園區)	Recreation services	2010	22.0	0.6

Sources: Commerce Bureau of Langfang; JLL research

Note:

(1) Developed and operated by us.

In Chuzhou, during the past few years, the industrial town development market is at a development stage. According to the strategic plan by the relevant local government, it is proposed to build a new city center in Chuzhou between Hefei and Nanjing.

With Pan-China Group and China-Singapore Suzhou Industrial Park Development Group Co., Ltd. came to Chuzhou, the project Chuzhou Industrial Park Wisdom Agricultural Valley (滁州產業新城智慧農業谷) and Su-Chu Modern Industrial Park project (蘇滁現代產業園項目) have commenced. Su-Chu Modern Industrial Park is the first project of the joint construction and cooperation initiative to be created in Anhui, with a planned site area of 36 sq. km. focusing on high-tech industry, modern services industry and culture industry.

For property development industry, many competitors, including large-scale nationwide and overseas property developers have entered the markets in potential cities of China. In recent years, along with the promotion of Beijing-Tianjin-Hebei Integration and Development Plan (京津冀協同發展), the property market within the region becomes competitive. In spite of the increasing competition, local property developers usually benefit more from the favorable environment than outsiders due to their deep understanding of the local market. Major property developers in Langfang include China Fortune Land Development Co., Ltd., and Risesun Real Estate Development Co., Ltd, a company listed on Shenzhen Stock Exchange (stock code: 002146).

SOURCES AND USE OF INFORMATION

In connection with the Global Offering, we have engaged JLL, an independent and qualified market research consulting firm, to conduct a detailed analysis of, and report on, the industrial town market in China and in the cities where our existing and planned industrial towns are located, namely, Langfang and Chuzhou. We have included certain information from the JLL Report in this section. In connection with the market research services provided, we have agreed to pay a fee of RMB350,000 (approximately HK$450,000) to JLL. JLL has prepared the JLL Report based on various government publications, site visits and interviews as well as CREIS data on the relevant property markets. JLL has also adopted assumptions when some information is not available or falls outside the scope of its expertise. While JLL has adopted assumptions based upon careful consideration of known factors, JLL cannot rule out the risk that any of the assumptions may be incorrect. The JLL Report also contains a significant volume of information which is directly derived from secondary sources or based on other third-party information; JLL does not represent and warrant as to the accuracy or completeness of such information. In preparing the JLL Report, JLL has confirmed that it has carried out research as per JLL standard market research methodology to enhance the credibility and accuracy of the forecasts. The steps used in the research process include (i) the collection of information and data from various sources to form the basis for forecast, (ii) analysis of data for the understanding and hindsight on market trends and development, (iii) identification of market growth drivers and market constraints, (iv) integration of opinion through industry participants' and experts' interviews and discussions, and (v) verification of data and forecast by cross-checking against other available data and information before finalization of the report.

NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors, after reasonable consideration, confirm that they were not aware of any adverse change to the market information since the date of the JLL report which may qualify, contradict or have an impact on the information in this section.

INDUSTRIAL TOWN DEVELOPMENT

Industrial Development Zone

The Regulations on the Economic and Technological Development Zone in Hebei Province (《河北省經濟技術開發區條例》) promulgated on October 30, 1992 and amended on December 22, 1997 and July 30, 2010 respectively by the Standing Committee of the People's Congress of Hebei Province, as approved by the State Council of PRC or the People's Government of Hebei Province, regulate the development of economic and technological development zones (hereinafter referred to as the "Development Zone") in Hebei Province. Pursuant to such regulation, a management committee was set up to provide and exercise standardised guidance and management over the Development Zone on behalf of the people's government of the municipalities in which a Development Zone is established. The management committee of the Development Zone has the following functions:

1. to devise the overall construction plan for the Development Zone and arrange implementation of the plan upon approval of the plan;

2. to formulate and issue the management requirements for the Development Zone according to laws, regulations and rules;

3. to guide the work of the relevant departments of the people's government of the municipalities in which a Development Zone is established at their branch offices in the Development Zone;

4. to exercise standardised management over the land in the Development Zone according to the approved overall plan for the Development Zone;

5. to approve the investment projects in the Development Zone according to the terms of reference;

6. to plan and manage all the infrastructures and public facilities in the Development Zone in a standardised manner;

7. to manage the import and export business of the Development Zone;

8. to handle the external affairs of the Development Zone according to the regulations;

9. to organise and manage all the public entities of the Development Zone;

10. to manage the financial revenue and expenditure of the Development Zone;

11. to provide instruction, supervision, coordination and service for the enterprises and business units in the Development Zone; and

12. to carry out other functions as conferred on it by the people's government of the municipalities in which a Development Zone is established.

The Guiding Opinions on Facilitating Rapid and Promising Development of the Development Zones (Parks) (Trial) (Ji Zheng [2008] No.48) (《關於促進開發區(園區)又好又快發展的指導意見(試行)》(冀政[2008]48號)) was promulgated by the People's Government of Hebei Province on April 28, 2008. Such guidance was given with a view to facilitate and accelerate the development of the development zones (parks) of Hebei Province, including (1) to establish financing mechanisms to create investment opportunities by adopting a market-driven approach, bringing in domestic and foreign capital and private enterprises to invest in the infrastructure construction of the development zones and to facilitate the formation of a venture capital market; (2) to capitalize strategic investment opportunities of industrial transformation in and outside China by strengthening the measures, channels and strategies, and to promote market-driven approach to form a government-directed and corporate-oriented investment mechanism; (3) to set up the following community services in the development zones (parks), including medical, employment, pension, insurance, and to encourage development zones (parks) to provide a financing platform to support enterprises in development zones (parks) seeking funding solutions; (4) to implement a full set of supporting policies to provide more financial support to aid the development of development zones (parks) at the provincial, municipal and county levels. Such development zones (parks) are the drive for economic growth in the regions and shall be provided with additional support, subject to the approval of the authority, such development zones (parks) may be entitled to some preferential taxation treatment.

The Notice Regarding the Publication of Opinions on the Focus Work Arrangement for the Reform of Economic System of Hebei Province 2010 was issued by the Hebei Provincial People's Government (Ji Zheng [2010] No. 45) (《河北省人民政府關於印發河北省2010年經濟體制改革重點工作安排意見的通知》(冀政[2010]45號)) and implemented on March 18, 2010, which provides mechanism for financing urban construction and development and integrates existing investment and financing platforms to maintain a sustainable land reserve. Such provision promotes direct financing and encourages charitable projects to secure financing through BT, agency construction management or by setting up development fund for infrastructure and encourages operational and trial-operational projects to secure financing through ways such as tendering, auction and equity partnership (as led by the Office of Housing and Urban-Rural Development).

The Several Opinions of the People's Government of Hebei Province on Expediting the Development of Industrial Agglomerate (Ji Zheng [2010] No. 90) (《河北省人民政府關於加快工業聚集區發展的若干意見》(冀政[2010]90號)) promulgated and implemented on 4 July 2010 by the Hebei Provincial Government, industrial clustering (hereinafter referred to as "Industrial Clusters") refers to geographic concentrations of related industries and specialized institutions with a common industry theme located within a particular location. This results in a high-level concentration of industry-specific resources, talent, know-how and expertise, as well as increased exchange between enterprises, which attracts employment and creates an agglomerative effect, integrating industrial development and urban development. Pursuant to such regulation, which provides a platform for attracting investment and business upgrade, each municipal level Development Zone may plan 3 to 4 key industrial clusters in its surrounding area, and upon the approval of the provincial government, could plan to build a new urban area. Each county may plan one industrial cluster in its surrounding area. Industrial clusters are entitled to the following strategic support: preferential allocation of land resources, grant of financial taxation allowance, permission to the sharing of taxation income with investment in other places, support to major consumer for direct electricity purchasing, provision of guidance on differential strategy, establishing platform for investment and financing, expansion of enterprise financing channels, support to innovative construction and simplified procedures for environmental assessment.

The Several Opinions of the Hebei Provincial People's Government on Expediting the Development of the Development Zone (Ji Zheng [2010] No. 135) (《河北省人民政府關於加快開發區(園區)發展的若干意見》(冀政[2010]135號)) was promulgated and implemented on November 26, 2010 by Hebei Provincial Government. Pursuant to the regulation, land premium paid for the construction of the Development Zone, net of the provision for the land assignment fees for developing the land for agriculture use, state-owned land income fund and land assignment business expenses, shall be fully remitted by higher government authorities to the relevant local government authorities. The remitted fees shall be injected to a dedicated fund which shall be mainly applied to the infrastructure construction and land development in the Development Zone. The land premium for the urbanization projects of rural areas shall be fully remitted and be applied on the resettlement and social security for the villagers in the Development Zone. It is encouraged that Development Zone shall establish platforms for investment and financing to raise funds in diversified channels for the initial development of land, construction of infrastructure and public utilities system. Such regulation is applicable to the national economic and technological development zones, provincial economic development zones, provincial industrial zones and national high and new tech industrial development zones, provincial high and new tech industrial development zones which were approved for establishment by the provincial governments and were announced by the state after clearance and consolidation in 2003, as well as all zones included in the list of provincial development zones for management.

According to the Opinions on Further Delegation of Administrative Approval Rights to Specific Regions in Hebei Province (Ji Zheng Ban [2010] No.44) (《關於對我省特定區域進一步下放行政審批權限的意見》(冀政辦[2010]44號)) issued by the administrative office under the People's Government of Hebei Province on December 21, 2010, it is confirmed that the 16 items which required administrative approval currently held responsible by the Ministry of Land and Resources, the Department of Environmental Protection, the Department of Commerce, the Local Taxation Bureau and the Tourism Administration at provincial level shall be assigned to specific regions for their administration, while 84 items which required administrative approval related to planning, land administration and investment projects currently held responsible by the government of the city with legal capacity to assign district administration will be delegated to specific regions for their administration. In the event that any administrative authority in specific regions is unsound or fails to demonstrate the relevant functions, the administration will be held responsible by county (city, district) governments. If the county level government fails to demonstrate the relevant functions, the administration will be temporarily handled by the government of the city with legal capacity to assign district administration. Specific regions refer to the"13 Counties, 1 Circle, 4 Zones and 6 Bases (13縣1圈4區6基地)" within the "Capital Economic Circle (環首都經濟圈) as determined by the provincial governments.

According to the Notice of Administrative Opinions on Expediting the Industrial Development of the Capital Economic Circle in Hebei Province (Ji Zheng [2011] No. 12) (《關於加快河北省環首都經濟圈產業發展實施意見的通知》(冀政[2011]12號)) issued by the People's Government of Hebei Province on January 25, 2011, the capital economic circle, also known as "13 Counties, 1 Circle, 4 Zones and 6 Bases (13縣1圈4區6基地)", are developed around the counties (cities, districts) which are geographically adjacent to Beijing and conveniently accessible and have better foundation and greater potential in comparison. Emerging Industries Demonstration Zones (新興產業示範園區) will also be planned and developed in 13 counties (cities, districts) which include, among others, Anci District and Guangyang District.

In accordance with the Notice Regarding the Approval on Establishing the First Batch of Provincial Industrial Zones (Ji Zheng Han [2011] No.74) (《關於批准設立首批省級工業聚集區的通知》(冀政函[2011]74號)) issued by the Hebei Provincial People's Government on May 3, 2011, among the original provincial industrial zones, 26 of which located at the Economical Recycling Chemical Production Demonstration Site at Shijiazhuang (石家莊循環經濟化工示範基地) and 45 of which located at the newly reported Advanced Manufacturing Industrial Zones at Qian'an City (遷安市先進製造業工業聚集區) are qualified as provincial industrial zones after examination, thus they were approved to be the first batch of provincial industrial zones. Longhe Hi-tech Industrial Park (龍河高新技術產業區) is also included in the List of the First Batch of Provincial Industrial Zones attached to such notice.

According to the Regulations of Anhui Province on Provincial Development Zones (《安徽省省級開發區條例》) promulgated on January 30, 1997 and amended on April 4, 2002 and April 23, 2004 by the Standing Committee of the National People's Congress of Anhui Province, the construction and management of projects of various development zones under the local people's government leadership is subject to the approval of the People's Government of Anhui Province and when approved, shall be subject to such regulation. A management committee shall be set up in a development zone (hereinafter referred to as the Management of Committee), which shall provide unified leadership and management over the development zone on behalf of the local people's government. The terms of reference of the Management Committee is set forth as below:

(1) to prepare a detailed plan and an economic and social development plan for the development zone based on the master plan and to proceed with implementation upon approval;

(2) to formulate the management system and service requirements of the development zone;

(3) to approve or review investment projects in the development zone, and report to the relevant authorities for filing or approval;

(4) to promote unified planning and management for external projects as well as infrastructure and public utilities projects in the development zone;

(5) to perform specific management functions covering matters in relation to finance, local taxation, state-owned assets, industry and commerce, commodity prices, workforce, personnel, environmental protection and social security;

(6) to initiate and manage social affairs encompassing culture, educational, technological, sanitary and sports sectors in the development zones;

(7) to manage imports and exports of the development zone, cooperate with overseas companies at an economic and technology level, and handle foreign affairs of the development zone lawfully;

(8) to guide, coordinate with and supervise branches or agencies established in the development zone; and

(9) to exercise other powers entrusted by the people's government of the development zone.

According to the Official Reply of the State Council on Developing Wanjiang City Belt Demonstration Zone for Transfer of Industries (Guohan [2010] No. 5) (《國務院關於皖江城市帶承接產業轉移示範區規劃的批覆》(國函[2010]5號)) issued by the State Council on January 12, 2010, the State Council approved the "Development Plan for Wanjinag City Belt Demonstration Zone for Transfer of Industries" (hereinafter referred to as the "Plan") in principle. Wanjiang City Belt, a key development zone for the implementation of strategies for promoting the rise of the central regions, is the district closest to Yangtze River Delta region that allows transfer and expansion of industries into mid and west regions. Its strengths include high environmental capacity, low cost as well as better infrastructure and auxiliary facilities. The people's government of Anhui Province shall play a stronger role in the coordination and leadership of the Plan. Clear terms of reference and comprehensive mechanisms shall be established to attentively carry out various tasks in respect of the construction of the demonstration zone and, in turn, to build up close economic relations with coastal regions like Yangtze River Delta region. Specific implementation schemes and special plans for key areas shall so be prepared under the guidance of the relevant authorities as to promote the expansion and development of various industries in accordance with the Plan. Given the trend of transfer of industries emerging in and outside China, developing Wanjiang City Belt into a demonstration zone for transfer of industries is an initiative to explore the basic requirements of this new model, which is of material importance to propelling the rise of the central regions, driving coordination and development efforts in the regions, and shaping a more reasonable layout for division of industries in the country.

According to the Certain Political Opinions of the People's Government of Anhui Province and provincial party committee of Anhui Province on Expediting the Development of Wanjiang City Belt into a Demonstration Zone for Transfer of Industries (Wanfa [2010] No. 10), (《中共安徽省委安徽省人民政府關於加快推進皖江城市帶承接產業轉移示範區建設的若干政策意見(皖發[2010]10號)) issued on April, 2010, an amount of no less than 1 billion shall be appropriated by the provincial department of finance to set up a special fund for the construction projects in the zone for consecutively six years commencing from 2010. The yearly increased EIT paid by the newly established enterprises in the zone will be contributed to cities and counties as encouragement. Levies on administrative matters of enterprises will also be waived. A guidance catalogue shall be prepared for the development of industries in the demonstration zone and the investment projects thereof will be supported by policies favoring the encouraged industries. The government of cities and towns in the demonstration zone may determine the applicable tax rate for different types of land in discretion within the range of tax rate set by the provincial authorities in respect of urban land use tax, and report to the provincial government for filing. Any enterprise relocated to the demonstration zone which has difficulties in paying tax for the land under construction during the construction period may be granted a reduction or waiver of urban land use tax after filing for approval according to procedures. For enterprises having difficulties in tax payment for the properties and land occupied for self-operation during the operation period, a reduction or waiver of property tax and urban land use tax may be granted after filing for approval according to procedures. Any enterprise, which is recognized as a "High-tech Enterprise" by another province and is relocated to the demonstration zone, will be granted a 15% tax rate reduction on EIT and no re-examination is required during the validity period. Any enterprise relocated from another province to the demonstration zone and engaged in the integrated use of resources may be entitled to the relevant preferential EIT policies and no re-examination is required, provided that the production has been identified to meet national industry policies product during the validity period of the status.

According to the Official Reply of the People's Government of Anhui Province on Developing Chuzhou Business Park (Wan Zheng Mi [2012] No. 436) (《安徽省人民政府關於設立滁州承接產業轉移集中示範園區的批覆》(皖政秘[2012]436號)) issued by the people's government of Anhui Province on September 29, 2012,

1. approval is given to establish Chuzhou Business Park, which is a park affiliated to and operating independently from Chuzhou Economic and Technological Development Zone (滁州經濟技術開發區), and the park shall be managed on the basis of a provincial development zone.

2. Chuzhou Business Park shall be located at the East to Chuzhou downtown and the North of 104 Avenue with a planned area of 15 sq. km. Its exact perimeter shall be determined by the department of land and resources and the department of housing and urban-rural development at provincial level according to the laws.

3. Focus shall be placed on the development of renewable energy, new raw materials, high-tech equipment manufacturing and modern service industries by making full use of the advantages in industry, geographical position, resources and environment based on the concept of "Transfer, innovation, demonstration" so as to develop Anhui Province as a strategic demonstration base for emerging industries.

4. Sustainability shall be maintained by adopting metropolitan cluster approach, environmental friendly and low-carbon measures, energy-saving and high-efficiency practices, and recycling and safety standards by adhering to the philosophy of scientific development and aligning with the principles of a fully integrated working and living environment supporting urban communities, complete function, environmental-friendliness and agglomeration. Meanwhile, strenuous efforts shall also be put to ensure and generate optimized planning, high involvement of enterprises, high-quality construction, smooth transfer of industries, high-efficiency management, high production efficiency and innovative systems and mechanisms, thereby accumulating experience for industries transfer and the development of business zones with unique characteristics.

5. The municipal government of Chuzhou City shall strengthen its coordination efforts in and leadership over the construction of Chuzhou Business Park and facilitate the preparation of construction plans. A well-connected network shall also be established to link up different parts of the relevant plans for coordination purposes so as to allow such plans be filed for approval following the procedures in a timely manner. The relevant provincial authorities shall also facilitate better coordination between departments and provide more guidance to them with an aim to jointly promote Chuzhou Business Park.

According to the Decision of the State Council on Intensifying the Reform and Tightening of Land Management (Guo Fa [2004] No.28) (《國務院關於深化改革嚴格土地管理的決定》(國發[2004]28號)) promulgated by the State Council on October 21, 2004, where there is no land requisition activity or the land is not used within two years after the land quota is assigned, the land quota shall become invalid automatically; where the land with land quota obtained is not provided by the local government for sale within two years after the completion of land requisition, land quota available to the relevant local government may be reduced correspondingly in the subsequent year.

In accordance with the Measures for the Administration of Annual Plans on the Utilization of Land (《土地利用年度計劃管理辦法》) promulgated by the MLR on December 19, 2006, Annual Plans on the Utilization of Land stated in the measures refers to specific arrangements for additional land for construction, the development, rectification and replenishment of cultivated land as well as reserved cultivated land for the year. Annual Plans on the Utilization of Land of the PRC are applicable to provinces, autonomous regions, municipalities, MSLSP, and Xinjiang Construction and Production Corps. Administrative Department of MLR of local People's Government at and above county level may assign the quota specified in an annual plan on the utilization of land by higher authorities to People's Government to a lower level, subject to the consent of the people's government of the same level. Administrative Department of MLR of People's Government at provincial level shall report the assigned annual plan on the utilization of land to MLR for filing.

Land Reserve

According to the Measures for Land Reserve Administration (Guotu Zifa [2007] No.277) (《土地儲備管理辦法》) (國土資發[2007]277號) promulgated by MLR, the Ministry of Finance and PBOC on November 19, 2007, land reserve represents land legally obtained by MLR of municipal governments at city or county level for preliminary development and land supplies, with the aim of regulating the land market and promoting reasonable land utility. Land reserve authority shall be established upon the approval of the municipal government at city or county level and shall be an independent legal person subordinated under MLR, which is responsible for all the land reserve matters under the jurisdiction. For land included in the land reserve, the land reserve authority, upon the approval of MLR of the municipal government at city or county level, is entitled to preliminarily develop, protect, manage, temporarily utilise the reserved land and conduct financing activities for the reserved land and its preliminary development. Land reserve authority shall conduct preliminary development as required on reserved land, especially land legally obtained to be included in the land reserve, such that the reserved land may meet the conditions of supply. In the event that the preliminary development involves infrastructure construction such as road development, supply of water, power and gas, drainage, telecommunications, lighting, landscaping and land leveling, one shall select construction companies through public tender according to applicable laws and regulations. If land of which the procedure for conversion of agricultural land or land requisition has been completed, as a result of which the relevant land has been included in land reserve system for sale for more than two years without being provided for sale, land quota available to the relevant local government may be reduced correspondingly in the subsequent year.

According to the Notice of the Ministry of Finance on the Issue of Land Reserve Fund Auditing (Trial) (Caihui [2008] No.10) (財政部關於印發《土地儲備資金會計核算辦法(試行)》的通知) (財會[2008]10號) promulgated on August 19, 2008 and implemented on January 1, 2009 by the Ministry of Finance, the breakdown of "land development expenses" includes the fee for conducting preliminary land development as required after collection, acquisition, pre-emption or recovery of land, including the preliminary land development expenses and the expenditure associated with preliminary land development as specified by the financial departments, covering infrastructure construction expenses such as road development, supply of water, power and gas, drainage, telecommunications, lighting, landscaping and land leveling, as a result of the grant of land.

According to the Notice of MLR, the Ministry of Finance, PBOC, and the China Banking Regulatory Commission on Strengthening Land Reserve and Financing Management (Guotu Zifa [2012] No.162) (《國土資源部、財政部、中國人民銀行、中國銀行業監督管理委員會關於加強土地儲備與融資管理的通知》) (國土資發[2012]162號), the competent department of MLR shall be responsible for the overall management of land reserve and the establishment of land reserve authority register. Land reserve authority shall organize and commence the preliminary development for reserved land to secure sufficient supply of "vacant sites" for the government. In the event that infrastructure construction involves road development, supply of water, power and gas, drainage, telecommunications, lighting, landscaping and land leveling, one shall select project design, construction and supervision companies through public tender and are not allowed to proceed with project construction through subordinated institution. Any subordinated or associated institution engaging in project construction shall be dissociated with the land reserve authority. During the construction period of preliminary development, the land reserve authority shall be responsible for supervision and management. Acceptance checks shall also be organized and conducted upon the completion of construction pursuant to the relevant construction acceptance checks requirements.

According to the Notice of the Provincial Ministry of Land and Resources in relation to the Promotion of State-owned land reserve as Forwarded by the Municipal Government of Hebei Province (Jizheng Banhan [2005] No.5) (《河北省人民政府辦公廳轉發省國土資源廳關於推進國有土地儲備工作意見的通知》) (冀政辦函[2005]5號) promulgated and implemented on February 16, 2005 by the government of Hebei Province, Each local competent land administrative department shall establish a land reserve authority, which shall be a non-profit-making entity particularly responsible for the implementation of land reserve and the preliminary work in relation to the grant of reserved land. All expenditure from the land reserve authority shall be managed based on the divided administration of income and expenditure. The expenditure budget shall be prepared by the land reserve branch based on the standard requirements and expended from the land reserve assignment incomes upon the approval of the financial department of the same class. The competent land administrative department at city or county level determines whether a land reserve authority shall be established based on the actual situation and designates its subordinated unit or office to be responsible for land reserve matters in the absence of such land reserve authority. Land reserve fund may be raised through various channels such as bank mortgage loans obtained from the land acquisition and income generated from land reserve. Governments at various levels may, depending on each of their financial strength, contribute to the land reserve funds. Financial departments shall supervise the operation of the land reserve funds.

According to the Several Opinions of the Municipal Government of Hebei Province on Acceleration of Urbanization (Jizheng [2007] No.138) (《河北省人民政府關於加快推進城鎮化進程的若干意見》) (冀政[2007]138號) promulgated and implemented by the government of Hebei Province on December 10, 2007, it is encouraged that construction land sites shall be consolidated and a sound land reserve system shall be established. Efforts shall also be placed on building up clusters of industry projects in business parks and cities and towns through displacement of construction land sites.

According to the Implementation Opinions of the Municipal Government of Hebei Province on Promoting Economical and Intensive Use of Land (Jizheng [2008] No.59) (《河北省人民政府關於促進節約集約用地的實施意見》) (冀政[2008]59號) promulgated and implemented by the government of Hebei Province on June 23, 2008, land reserve authority under the Ministry of Land and Resources at city or county level shall be responsible for land reserve matters. Land reserve authority shall conduct necessary preliminary development on reserved land, such that the reserved land may meet supply conditions. In the event that the preliminary development involves infrastructure construction such as road development, supply of water, power and gas, drainage, telecommunications, lighting, landscaping and land leveling, one shall select construction companies through public tender. After the completion of the preliminary development of the reserved land, the Ministry of Land and Resources at city or county level may supply the land to market in a uniform manner.

According to the Opinions of the Municipal Government of Hebei Province on Promoting Reform on the Operating Mechanism for Investment and Financing in Urban Construction (Jizheng [2009] No.33) (《河北省人民政府關於推進城市建設投融資體制改革的意見》) (冀政[2009]33號) promulgated and implemented by the government of Hebei Province on February 13, 2009, a repayment guarantee system for urbanization investment entities shall be established. It optimizes the debt structure of investment and financing entities for urban construction and imposes strict control on the exposure to debts. Under certain circumstances, third party guarantee, pledged asset, receivables or equity charge, right to receive dedicated financial fee and dedicated financial subsidy commitment may be adopted by investment and financing entities for urban construction to secure financing. A certain proportion of financial funds, Land Assignment Income and other operating income shall be appropriated for the establishment of urbanization project repayment funds, which will be entrusted to investment and financing entities for urban construction for management and utilization, thereby turning the funds into a source of repayment targeting profitable projects. Subsequently, a repayment guarantee system for urbanization investment companies in line with the concept of urbanization will be gradually set up. The land operation system shall also be innovated. Continuous efforts shall be put in enhancing land reserve and development systems and the joint action mechanism combining city planning and land reserve shall be established in a timely manner. Proceeds from land price appreciation shall be transferred to investment and financing entities for urban construction within one month. It is encouraged that investment and financing entities for urban construction shall establish land reserve branch or sub-branch to attract social capital through various methods such as joint venture and cooperation, and in turn to advance the land reserve and the preparation and development of the reserved land.

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.

PROPERTY DEVELOPMENT

Establishment of a Property Development Enterprise

According to the Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) (the "Urban Real Estate Law") promulgated by the NPC on July 5, 1994 and revised on August 30, 2007 and August 27, 2009, 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 and revised on January 8, 2011, 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 shall apply for registration with the competent 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.

Foreign-Invested Property Development Enterprises

Under the Industrial Guidance Catalogue for Foreign Investment (《外商投資產業指導目錄》), jointly promulgated by the MOFCOM and the NDRC on November 30, 2004 and amended on October 31, 2007 and December 24, 2011, foreign investment in enterprise engaged in construction and operation of pipeline networks for gas, heat and water supply and sewage in cities with the population over 0.5 million (with Chinese parties as the controlling shareholders) or engaged in the development of a whole land lot (limited to Sino-foreign equity/cooperative joint venture operations), the construction and operation of high-class hotels, high-class office buildings and international exhibition centers, 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 property development falls within the category of industries in which foreign investment is permitted.

According to the Provisions on Approving or Registering Foreign Investment Project (《外商投資項目核准和備案管理辦法》) promulgated by the NDRC in May 2014, the NDRC shall examine and approve foreign investment projects with total investment of US$300 million or more falling within the category of industries in which foreign investment is encouraged and to be controlled by the domestic shareholders and those with a total investment of US$50 million or more falling within the category of industries in which foreign investment is restricted and excluding real estate projects. The local governments shall examine and approve foreign investment projects with a total investment of less than US$300 million falling within the category of industries in which foreign investment is encouraged and those with a total investment of less than US$50 million and real estate projects falling within the category of industries in which foreign investment is restricted.

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 Catalogue, for Investment Projects Subject to Government Approvals (《政府核准的投資項目目錄》), real estate projects within the restricted category under Industrial Guidance Catalogue for Foreign Investment and other restricted projects with total investment (including capital increase) of less than US$50 million may be approved by provincial people's governments. A project within the encouraged or permitted industry categories under Industrial Guidance Catalogue for Foreign Investment 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.

Foreign invested property developers 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, the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly promulgated the Opinion on Regulating the Access to and Administration 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》) (the "Opinion"). According to the Opinion, the access to and management of foreign capital in the real estate 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 property development enterprise pursuant to the regulations on 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 (the "FIE") (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 shall 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 FIE 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 shall strictly comply with relevant laws, regulations and policies and obtain the relevant approvals.

- When acquiring a domestic property development enterprise by way of shares 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.

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 Administration 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 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 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-end properties should be strictly controlled;
- Before obtaining approval for the setup of a Real Estate FIE, (a) both the land use rights certificates and property ownership certificates should be obtained or, (b) contracts for obtaining land use rights or property 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
- Foreign exchange administration authority 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 the legality, authenticity and accuracy of registration materials of the foreign-invested real property project prior to submit the registration to the MOFCOM.

According to Circular on Strengthening the Administration of the Examination and Approval and Record Filing of Foreign Investment in the Real Property Sector issued by MOFCOM (《商務部辦公廳關於加強外商投資房地產業審批備案管理的通知》(商辦資函[2010]1542號)) on November 22, 2010, competent commerce departments of all regions shall duly strengthen the examination of real property projects that involve the inflow of foreign exchange. The examination, approval, and data review and verification of newly established real property projects and capital increased real property projects by way of mergers, acquisitions, and capital contributions made in the form of equity, etc.

Company Law

According to the Company Law of the People's Republic of China (《中華人民共和國公司法》) promulgated on December 28, 2013 and implemented on March 1, 2014 by Standing Committee of the National People's Congress, the paid-in registered capital is no longer one of the items stated in the business license. The article which provided that the capital contributions made by shareholders shall be verified and certified by a lawfully established capital verification institution has been removed.

Wholly Foreign-Owned Enterprise Law

The Law of the People's Republic of China on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》) (the "WFOE Law"), was adopted by the NPC on April 12, 1986 and was amended on October 31, 2000. The Implementation Regulation of the WFOE Law (《中華人民共和國外資企業法實施細則》) was promulgated on December 12, 1990 and amended on April 12, 2001 and March 1, 2014.

The ratio between a Wholly Foreign-Owned Enterprise (the "WFOE")'s registered capital and total amount of investment shall be in conformity with the relevant regulations of the PRC, and the difference between its registered capital and total amount of investment shall be the amount of foreign debts that the WFOE is permitted to borrow from its foreign investor or other foreign institutions and individuals.

In case of a newly incorporated WFOE, it is required to complete foreign exchange registration with competent administration of foreign exchange of the place where the WFOE is incorporated within 30 day of issuance of the WFOE's business license.

Chinese-Foreign Equity Joint Venture Law

The Law of the PRC on Chinese-Foreign Equity Joint Venture (《中華人民共和國中外合資經營企業法》) (the "EJV Law"), was adopted by the Standing Committee of the NPC on July 8, 1979 and became effective on the same day, and was amended on March 15, 2001. The Implementation Rules of the EJV Law (《中華人民共和國中外合資經營企業法實施細則》) was adopted by the State Council on September 20, 1983 and became effective on the same day, and was subsequently amended on January 15, 1986, December 21, 1987, July 22, 2001, January 8, 2011 and March 1, 2014. Pursuant to the EJV Law and its implementation Rules, the foreign investors' contribution shall be no less than 25% of the registered capital of a Chinese-foreign equity joint venture.

Qualifications of a Property Development Enterprise

Under the Rules on the Administration of Qualifications of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the "Rules on Administration of Qualifications") promulgated on March 29, 2000 by the MOHURD and effective as of March 29, 2000, a real estate development enterprise must 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 above rules, property development enterprises are classified into four classes: class I, class II, class III and class IV. Different classes of qualification shall be examined and approved by corresponding authorities. The class I 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 II 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 relevant construction authority.

A property developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business of another classification. A class I property developer is not restricted as to the scale of the property projects to be developed and may undertake property development projects anywhere in the country. A property developer of class II or lower may only undertake projects with a GFA of less than 250,000 square meters and the specific scope of business must be as confirmed by the local construction authority.

After a newly established developer reports its establishment to the property administration authority, the latter will issue a temporary Qualification Certificate to the eligible developer within 30 days of its receipt of the above report. The temporary Qualification Certificate shall be effective for one year from its issuance and, depending on the actual business situation of the developer, may be extended by the property administration authority for a period of no longer than two years. The developer must apply for the qualification classification to the property administration authority within one month before expiry of the temporary Qualification Certificate.

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

Land for property development

Under the Provisional Regulations of the People's Republic of China on the Assignment 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 Assignment 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 Assignment and Transfer, 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 regulations of the State Council.

Under the Rules Regarding the Assignment 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 relevant procedures for tender, public auction or listing-for-sale are as follows:

The transferor shall, within 20 days prior to the beginning date of bidding, auction or listing, issue the bidding, auction or listing announcement and publicize the basic situation of the land to be transferred through bidding, auction or listing as well as the time and place thereof

- The transferor shall conduct qualification examination to the bidding applicant or auction applicant. Those who meet the conditions as specified in bidding, auction or listing announcement shall be notified to participate in the activities of bidding, auction or listing.

- After determining the winner of the bidding, auction or listing through bidding, auction or listing, the transferor shall enter into sales confirmation with the winner of the bidding, auction or listing.

- The winner of the bidding, auction or listing shall, at the time as specified in the sales confirmation, sign the Contract for Transfer of the Right to Use State-Owned Land with the transferor. The earnest money for bidding or auction or listing paid by the winner of the bidding, auction or listing shall be set off against the transfer fees for the right to use state-owned land.

On September 28, 2007 the MLR promulgated the Rules Regarding the Assignment 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》), as the amended rules to the Rules Regarding the Assignment of State-owned Land Use Rights by Way of Tender, Auction and Listing-for-sale, which came into force on November 1, 2007. Pursuant to such rules, all land for commercial use, tourism entertainment and commodity residential housing must be granted by way of render, auction of listing for sale.

The MLR promulgated the Regulations on the Assignment of State-owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) on June 11, 2003. 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 Circular of the State Council on Strengthening Land Control (《國務院關於加強土地調控有關問題的通知》(國發[2006]31號)) issued by State Council on August 31, 2006, the industrial land must be transferred by means of bid tendering, auction or listing-for-sale at a price not less than the minimum rates as publicized.

Pursuant to the "Notice Regarding Carrying out the Granting System for Industrial-used Land by way of Tender, Auction or Listing-for-sale" (Goutuzifa [2007] No.78)《關於落實工業用地招標拍賣掛牌出讓制度有關問題的通知》(國土管發[2007]78號) promulgated by the MLR and the Ministry of Supervision, industrial-used land provided by the government must be granted or leased by way of tender, auction or listing-for-sale, and the procedures and methods as stated in the "Rules Regarding the Assignment of State-owned Land by way of Tender, Auction or Listing-for-sale" and the "Standards Regarding the Assignment of State-owned Land by way of Tender, Auction or Listing-for-sale" must be strictly implemented. If prior to the Circular of the State Council on Strengthening Land Control was issued by the State Council, municipal and county people's governments have signed investment agreements for industrial projects and the range and price for land supply was determined, then the land which had completed the approval procedures of change agricultural land use and land acquisition may still be granted or leased in the agreed ways, provided that it is in compliance with the relevant requirements in the "Regulations on the Assignment of State-owned Land Use Rights by Agreement" and the land grant or lease contract should be signed before 30 June 2007 after disclosure to the public of the location, application, land use conditions, intended user and the land price of the intended grant and lease site are made. Failure to comply with the above conditions or exceed the above time period, the grant or lease should be made by way of tender, auction or listing-for-sale as required.

Under the Urgent Notice of Further Strengthening the Administration of the Land (《關於當前進一步從嚴土地管理的緊急通知》), issued by the MLR on May 30, 2006, the land administration authority is required to strictly implement the model contract of the state-owned land use rights grant contract and model contract of the state-owned land use rights grant supplementary agreement (for trial implementation) jointly promulgated by the MLR and the SAIC. The requirements of planning, construction and land use, such as the restriction of the unit size, plot ratio and the time limit for commencement and completion, should be ascertained and are generally agreed to in the land use rights grant contract.

According to the Catalogue of Allocation of Land Use Right (《劃撥用地目錄》) issued by the Ministry of Land and Resources on October 22, 2001, a construction unit may be granted land use right for its construction project by an application to and obtaining the approval from the People's Government if such project is one of the construction items under the catalogue. These items include dormitories for institutions of higher education, secondary schools and vocational schools, and canteens, teaching practice, training bases and public housing (福利性住房).

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 amended on August 28, 2004, under any of the following cases, the land administration 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.

The Property Law of the People's Republic of China (《中華人民共和國物權法》) (the "Property Law"), promulgated on March 16, 2007 and effective as of October 1, 2007, further clarifies land use rights in the PRC with the following rules:

- the land use rights for residences will be automatically renewed upon expiration;
- the car park units and garages within the building area planned for vehicle parking must be used to meet the needs of the owners who live in the building first;
- the construction of buildings must abide by relevant laws and regulations with regard to the construction planning and may not affect the ventilation of or lighting to the neighboring buildings; and
- where the land use rights for construction use are transferred, exchanged, used as a capital contribution, donated to others or mortgaged, an application for modification registration must be filed with the registration department.

According to the Circular on Regulating Administration of Incomes from and Expenditures for Assignment of Right to Use State-owned Land (Guoban Fa [2006] No.100) (《關於規範國有土地使用權出讓收支管理的通知》(國辦發[2006]100號))promulgated by the General Office of the State Council and effective on December 17, 2006, incomes from assignment of the right to use state-owned land (hereinafter referred to as Land Assignment Income) are all land revenue obtained by the government through assignment and allotment of the right to use state-owned land, including the compensation for land requisition and the allowance for resettlement paid by the assignee, the preliminary land development fee and the land assignment proceedings. Any region, department or office shall not remit the Land Assignment Income in the name of "attracting merchants and luring investments", "renovation of old town", "revamp of the State-owned enterprises" at a "zero land price" or even a "negative land price" or to remit the Land Assignment Income through disguised forms of "trading lands for projects", "levy taxes and then refund" and subsidy. As of January 1, 2007, all land assignment incomes/expenditures shall be incorporated into the local government fund budget for administration. All land assignment incomes shall be paid to local treasuries, and all land assignment expenditures shall be appropriated from land assignment incomes on the basis of local government fund budget, so as to implement the divided administration of income and expenditure. A special account shall be set up by each local treasury for calculating land assignment incomes and land assignment expenditures. The usage scopes of Land Assignment Income are as follows:

- Compensation expenditures for land requisition and demolition, including the compensation for land requisition, the allowance for resettlement, the compensation for expropriated acreage and the compensation for demolition;

- Expenditures for land development, including the preliminary land development expenses and the expenditure associated with preliminary land development as specified by the financial departments;

- Expenditures for supporting agricultural production, including the appropriation for agricultural land development fund, the allowance for social insurance of farmers whose lands are requisitioned, the allowance for maintaining the living standard of farmers whose lands are requisitioned and the expenses for construction of rural infrastructure;

- Expenditures for urban construction, including the expenses for construction of supporting facilities which are used to perfect the function of state-owned land and urban infrastructures; and

- Other Expenditures, including the business expenses relating to land assignment, the land use fees for newly converted construction land, the appropriation for state-owned land proceeds fund, the expenses for low-rent urban housing and there settlement expenses for workers of bankrupt and reorganized state-owned enterprises.

According to the Notice of the Ministry of Finance, MLR, PBOC on the Issue of Administration Measures of Incomes from and Expenditures for Assignment of Right to Use State-owned Land (Caizong [2006] No.68) (《財政部、國土資源部、中國人民銀行關於印發《國有土地使用權出讓收支管理辦法》的通知》(財綜[2006]68號)) promulgated by the Ministry of Finance, MLR, PBOC on December 31, 2006 and effective on January 1, 2007, all land assignment incomes/expenditures shall be incorporated into the local government fund budget for administration. All land assignment incomes shall be paid to local treasuries, and all land assignment expenditures shall be appropriated from land assignment incomes on the basis of local government fund budget, so as to implement the divided administration of income and expenditure. A special account (i.e. register) shall be set up by each local treasury for calculating land assignment incomes and land assignment expenditures. In the preliminary stage of land development, one should proactively introduce market mechanism, strictly control the expenditure, select valuation, demolition, project construction and supervision companies through governmental procurement bidding and endeavor to minimize the cost of development.

Pursuant to the Notice on Further Strengthening the Administration of the Costs and Revenue Associated with Land Grant (《關於進一步加強土地出讓收支管理的通知》), jointly issued by the MOFCOM, the MLR, the PBOC, the Ministry of Supervision and the National Audit Office on November 18, 2009, all payments for land use rights paid for through installments must be made in full within one year. In certain circumstances the payment term may be extended to two years upon the approval of the competent authorities. In addition, the initial installment payment may not be less than 50% of the overall amount owed for the land use rights. To strengthen the implementation and administration of revenue and expenditure budgets for transfer of land-use rights, all kinds of projects' expenditure which are not incorporated in the expenditure budget of land, including land acquisition projects, shall not be allocated from the revenue of the transfer of land-use rights.

The Emergency Notice on Further Tightening the Administration on Real Estate Land Use and Reinforcing the Results of Real Estate Market Control (《關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知》) (the "Emergency Notice") promulgated on July 19, 2012, further emphasized the strict enforcement of current regulations on land grants:

- the plot area ratio for residential land shall not be less than 1.0;

- for all types of housing construction projects, construction work shall be commenced within one year of the date when the land is delivered as set forth in the land grant contract and shall be completed within three years after its commencement date;

- the bidding deposit for a land grant shall not be less than 20% of the base price; and

the land grant contract shall be signed within ten working days after a land grant deal is concluded, a down payment of 50% of the land premium shall be made within one month after signing the contract, and the remaining payment shall be made in a timely manner in accordance with the contract; in no event should it be more than one year. The Notice on Increasing the Supply of, and Strengthening the Supervision over, Land for Real Estate Development Purposes (《關於加強房地產用地供應和監管有關問題的通知》) issued on March 8, 2010 by the MLR, provides that:

- The floor price of a parcel of land must not be lower than 70% of the benchmark land price set for the area in which the parcel is located;

- Real estate developers participating in land auctions must pay a deposit equivalent to 20% of the land parcel's floor price; and

- Real estate developers must report to the competent land authorities when they commence and complete the construction of each project, and the land authorities will conduct inspections according to the corresponding land grant contract.

This notice also reiterated the policy that the initial installment payment made by real estate developers for a parcel of land must not be less than 50% of the overall amount owed for the land use rights.

In September 2010, the MLR and MOHURD issued the Notice on Further Strengthening the Control of Land Transfer (《關於進一步加強房地產用地和建設管理調控的通知》) regarding land authorities to prohibit real estate developers and their controlling shareholders who have engaged in illegal activities (such as obtaining land use rights through fraudulent means, transferring land use rights improperly, holding land which has been idle for more than one year due to the fault of the developer or the controlling shareholders) from participating in land bidding process until the illegal activities are rectified.

Commencement of a property project and the idle land

According to the Catalog for Restricted Land Use Projects (2012 Edition) (《限制用地項目目錄(2012年本)》) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《禁止用地項目目錄(2012年本)》) promulgated by the MLR and the NDRC on May 23, 2012, the area of a plot of land to be granted for residential use may not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities or (iii) 20 hectares for large cities. The plot area ratio for residential land shall not be lower than 1.0. No land may be granted for "villa" type property projects.

Under the Urban Real Estate Law, those who have obtained the land use rights through grant must develop the land in accordance with the terms of use and within the period of commencement prescribed in the grant contract for the land use rights.

According to the Measures on Disposing Idle Land (《閒置土地處置辦法》) promulgated by the MLR and effective as of April 28, 1999, as amended in June 2012 and effective July 2012, with regards to the land for a property project which is obtained by grant and is within the scope of city planning, if the construction work has not been commenced within one year upon the commencement date as set forth in the land use rights grant contract, or 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 the invested amount is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year, a surcharge on idle land equivalent to 20% of the land grant fee may be levied; if the construction work has not been commenced within two years, the land can be confiscated without any compensation, unless the delay is caused by force majeure, or the acts of government or acts of other relevant departments under the government, or by delay in indispensable preliminary work.

In the event that the delay in the development and construction of a particular parcel of land is confirmed to have been caused by the government, the city-level or county-level land authority shall give notice to and negotiate with the land user and draft a proposal on disposing of the idle land, including, but not limited to, extending the time period for development and construction (for no longer than one year), changing the use of the land, arranging for temporary use, withdrawing the land by agreement, replacing the land and others. Such local land authority shall, after the government at the corresponding level approves the proposal on disposal, arrange for the implementation of the proposal.

The Emergency Notice further requires that the Measures on Disposing Idle Land shall be strictly implemented, and the land administration authority shall dispose of, case by case, idle land and publish related information on the website designated by the MLR. With regard to land users who have committed acts such as failing to make payments for land grants, leaving land idle, hoarding land, land speculation, developing land in excess of its actual development capacity, or failing to fulfill the land use contract, they may be prohibited by the land authority from participating in land auctions for a certain period of time.

On January 3, 2008, the State Council issued a Notice on Promoting Economization of Land Use (《關於促進節約集約用地的通知》(國辦[2008]第3號)), which urges the full and effective use of existing construction land. The notice also emphasizes the strict enforcement of the current rules on idle land. If a piece of land has been idle for over two years, it must be forfeited without compensation in accordance with laws and regulations, and rearranged for any other uses; if the land does not meet the statutory conditions for forfeiture, it must be timely dealt with and fully used through changing usage, replacement by parity value, temporary usage or incorporation into government reserves. If a piece of land has been idle for over one year but less than two years, an idle land fee must be collected at a price of 20% of the transfer or allotment price. Loans and financing from being listed on a stock market should not be provided to illegal land use projects. Where a loan is provided or a financing plan is approved in an inappropriate manner, the relevant persons should be pursued for liability.

Planning of a property project

The Law of the People's Republic of China on Urban and Rural Planning (《中華人民共和國城鄉規劃法》), promulgated by the NPC on October 28, 2007 and effective as of January 1, 2008, provides that a developer who has obtained land use rights by grant must, after obtaining approval for a construction project and signing a land use rights grant contract, apply to the city planning authority for the Permit for Construction Site Planning.

It further provides that a developer who has a proposed construction project within the planning area of a city or town must, after obtaining a Permit for Construction Site Planning, prepare the necessary planning and design work, and submit the detailed planning and design report, together with the land use rights certificate, to the city planning authority or the town government designated by the provincial government, and apply for the Permit for Construction Work Planning.

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 the MOHURD on October 15, 1999 and amended and effective as of July 4, 2001, after obtaining the Permit for Construction Work Planning, a developer must apply for a Construction Permit from the competent construction authority under the local government at the county level or above.

According to the Administrative Regulations on the Quality Management of Construction Engineering (《建設工程質量管理條例》) promulgated on January 30, 2000 by State Council, where a construction project owner, in violation of these Regulations, commence construction activities without obtaining a construction permit or with its construction commencement report not being approved, such construction project owner shall be ordered to cease such construction activities and take remedial action within a specified period of time, and be subject to a fine of between 1% and 2% of the contractual price for the construction project in question.

Completion of a property project

According to the Regulations on the Administration of Construction Projects Quality (《建設工程質量管理條例》) promulgated by State Council on January 30, 2000, the Provisions on the Acceptance Examination Upon the Completion of Construction 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 on April 7, 2000 by the MOHURD and effective as of

April 7, 2000, as amended on October 19, 2009, and the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Construction Work and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated in December 2013 by the MOHURD, a property project must comply with the relevant laws and other regulations.

Public rental housing

According to the Measures for the Administration of Public Rental Housing (《公共租賃住房管理辦法》) promulgated by MOHURD on May 28, 2012 and effective on July 15, 2012, the public rental housing mentioned in the Measures represents the affordable housing which is in compliance of the required construction standards and rental level, rented to those who fulfill the requirements, such as those urban lower-income households with housing difficulties, the newly employed workers who are not house owners and the migrant workers who work stably in the urban city. Public rental housing can be available by construction, reconstruction, acquisition and long-term leasing, which can be invested by the government or invested from society supported by government policies.

According to the Measures for the Administration of Public Rental Housing in Hebei Province (《河北省公共租賃住房管理辦法》) promulgated by the People Government of Hebei Province on June 9, 2011, the public rental housing mentioned in the Measures represents the affordable housing which is invested and constructed by government or supported by government policies, invested and constructed by enterprise, entities and companies and the GFA and the rental level of which are standardized. The affordable housing is catered to the urban low-income households with housing difficulties, newly-employed workers and migrant workers, and the term and rent payment of the housing is fixed. Public rental housing adopts the principle of 'whoever invests owns the house'. The interests of the investors can be transferred under the relevant laws while the investor shall not alter the use of the house and idle it.

According to the Notice on Further Strengthening the Control of Land Transfer, to ensure that land allocated for affordable housing, shanty town housing redevelopment, public rental housing and small- and medium-sized and ordinary commercial housing is not lower than 70% of the total land supply, they shall select land pieces based on the local situations, explore methods to increase the land supply for public rental housing and to gradually converge with the low-rent housing such as allocations and transfers as well as to simplify and implement the protection of rental housing classification.

Economically suitable residential premises

According to the Administrative Measures for Economically Suitable Residential Premises (《經濟適用住房管理辦法》) issued by Ministry of Construction (revised), NDRC, Ministry of Supervision, Ministry of Finance, MLR, PBOC, State Administration of Taxation on November 19, 2007, the term "Economically Suitable Residential Premises" here refers to indemnificatory houses provided in accordance with the state housing policy. Built to reasonable standards and subject to limitations in terms of type of house, floor space as well as sales price, such houses are made available under the government's preferential policies to urban low-income families with housing difficulties. Land shall be supplied by way of allocation for Economically Suitable Residential Premises development. Such land usage shall be included in the annual plan of land supply of each region, be listed separately in the application for annual land quota and be given priority in land supply.

Civil Air Defense Law

The Law of the PRC on Civil Air Defense (《中華人民共和國人民防空法》) (the "Civil Air Defense Law"), was adopted by the Standing Committee of the NPC on October 29, 1996, became effective July 1, 1997 and amended on August 27, 2009. According to the Civil Air Defense Law, for the newly constructed urban civil buildings, basements used for civil air defense in the war shall be constructed according to relevant regulations and the State encourages such civil air defense construction to be used for economic construction and services for people's life in the peace time. Any entity or person shall not demolish the civil air defense constructions without permission, if certain defense construction really needs to be demolished, approval of competent civil air defense authority shall be obtained in advance and the entity who demolishes such civil air defense construction shall be responsible for re-construction it in another place or payment of compensation.

Sale of Commodity Properties

Under the Measures for the Administration of Sale of Commodity Properties (《商品房銷售管理辦法》) (the "Commodity Properties Sale Measures"), promulgated by the MOHURD on April 4, 2001, the sale of commodity properties can include both pre-completion and post-completion sales.

Pre-sale of commodity properties

In accordance with the Measures for the Administration of Pre-Sale of Urban Commodity Properties (《城市商品房預售管理辦法》) (the "Pre-Sale Measures"), promulgated in November 1994 by the MOHURD and amended on July 20, 2004, a developer intending to sell a commodity building before its construction work's completion must attend to the necessary pre-sale registration with the property administration authority of the relevant city or county to obtain a Permit for Pre-Sale of Commodity Properties.

Commodity properties may only be sold before completion if:

- the grant land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained;
- a permit for construction work planning and a construction permit have been obtained;
- the funds invested in the development of the commodity properties put up for 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
- the pre-completion sale has been registered and a permit for pre- sale of commodity properties has been obtained.

The Circular on Issues Relevant to Further Strengthening the Regulation of the Real Property Market and Improving the System for Pre-sale of Residential Premises (《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》) promulgated by the MOHURD on April 13, 2010, provides that:

- For residential projects for which a pre-sale permit has not yet been obtained, real estate developers may not pre-sell such premises, collect or collect in a disguised manner, deposits, reservation fees or other such fees from purchasers in the form of subscriptions, reservation lot drawings or the issuance of VIP cards, or participate in any exhibition.

- Where a real estate developer has obtained a pre-sale permit for its residential project, it must publicize all premises available for sale and the prices of each unit at one time within ten days, and must sell the premises to the public with clearly marked prices as filed. Real estate developers may not sell the premises reserved for self-use to the public before the initial registration of the housing ownership, pre-sell premises through a refund of the sales amount to the purchaser or the guarantee of a lease of the property after sales, or conduct sham transactions.

- The minimum unit permitted for pre-sale must be one building. Pre-sale permits may not be made for floors or units.

- All proceeds from the pre-sale of commodity residential premises must be deposited into accounts monitored by the regulatory authorities to ensure that such proceeds are used for construction of the commodity residential premises pre-sold.

Under the Provisions on Selling Real Estate at Expressly Marked Prices (《商品房銷售明碼標價規定》), promulgated by the NDRC on March 16, 2011 and took effect on May 1, 2011, developers are required to make public the price of each unit of the commodity properties for sale or pre-sale and the number of units available for sale or pre-sale within a certain time period. Developers are also required to state factors that would affect prices and related charges for the sales of commodity properties, such as commission fee and property management fee. No additional charge beyond what is stated in the price tag announced by the developers is permitted.

Supervision of proceeds from pre-sales of commodity properties

The Pre-Sale Measures also provide that the proceeds obtained by a property developer from the pre-sale of commodity properties must be used for the construction of the relevant projects. The specific measures for the supervision of proceeds from the pre-sale of commodity properties are formulated by the real estate administration authorities.

Post-completion sales of commodity properties

In accordance with the Commodity Properties Sale Measures, commodity properties may be put up for post-completion sale only when the following preconditions for such sale have been satisfied:

- The developer offering to sell the post-completion properties has a valid business license and a qualification classification certificate;

- The developer has obtained a land use rights certificate or other approval documents of land use;

- The developer has the relevant permit for construction project planning and the permit for construction;

- The commodity properties have been completed, inspected and accepted as qualified;

- The relocation of the original residents has been settled;

- The supplementary and essential facilities for supplying water, electricity, heating, gas, communication, etc. have been made ready for use, and other supplementary facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of such facilities have been specified; and

- The property management plan has been completed.

Transfer of Properties

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Properties (《城市房地產轉讓管理規定》) promulgated on August 7, 1995 by the MOHURD and amended on August 15, 2001, a property owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred as well.

The parties to a transfer must enter into a property contract in writing and register the transfer with the real estate 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 grant, the property may only be transferred if:

- the grant premium has been paid in full for the grant of the land use rights as provided by the grant contract and a land use rights certificate has been obtained; and

- the development has been carried out according to the grant contract: in the case of a project for which buildings are developed, development representing more than 25% of the total investment has been completed; in the case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes.

Mortgages of properties

Under the Urban Real Estate Law and the Security Law of the People's Republic of China (《擔保法》) promulgated by the Standing Committee of the NPC on June 30, 1995 and effective as of October 1, 1995, the Measures on the Administration of Mortgage of Buildings in Urban Areas (《城市房地產抵押管理辦法》) promulgated by the MOHURD in May 1997 and amended on August 15, 2001 and the Property Law, when a mortgage is created on the ownership of a building on state-owned land legally obtained, a mortgage will be simultaneously created on the land use rights of the land on which the building is erected. Land use rights occupied by the properties will also be mortgaged at the same time. The mortgagor and the mortgagee shall sign a mortgage contract in writing. Within 30 days after a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority in the city where the real estate is situated. If a mortgage is created on the property placed on pre-sale or which is still undergoing construction, the registration authority will, when registering the mortgage, record such details on the mortgage contract. If the construction of the property is completed during the term of a mortgage, the parties involved will have to re-register the mortgage after the issuance of the relevant certificates evidencing the rights and ownership to the real estate.

Lease of properties

Under the Urban Real Estate Law and the Measures for Administration of Leases of Commercial Houses (《商品房屋租賃管理辦法》) promulgated by the MOHURD on December 1, 2010 and effective as of February 1, 2011, the parties to a lease of a property are required to enter into a lease contract in writing. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority of the city or county in which the building is situated.

Regulation and Control of Real Estate Market

PBOC issued a Circular on Further Strengthening the Management of Loans for Property Business (《關於進一步加強房地產信貸業務管理的通知》) in June 2003 to tighten the requirements for banks to provide loans for the real property business as follows:

- Property development loans may be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. Such loans shall be given in full support of residential housing projects which conform to the purchasing capacity of families with medium-to-low income, and shall be property restricted where projects involve building properties of large size and/or cover large area, such as luxury commodity houses and villas. For property developers with commodity houses of high vacancy rate and debt ratio, strict approval procedures must be applied for their new property development loans and their activities must also be subject to close monitoring.

- Commercial banks may not grant loans to property developers without "State-Owned Land Use Rights Certificate", "Construction Land Planning Permit", "Construction Work Planning Permit" and "Construction Work Commencement Permit".

- While property developers apply for bank loans, their own capital, i.e. owner's equity, shall not be less than 30% of the total investment required for the project. Commercial banks are prohibited from lending to property developers solely for the payment of land premiums. A loan for real estate development made by a commercial bank may only be used for a local real estate development project, and shall not be used in a cross-region way.

- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down-payment by the borrower remains at 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the down-payment by the borrower should be appropriately increased.

- When a borrower applies for a mortgage loan for an individual commercial use building, the mortgage ratio may not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity building must be duly completed and accepted after the relevant governmental inspection.

In a Circular on Facilitating the Continuously Healthy Development of Property Market (《關於促進房地產市場持續健康發展的通知》) issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity residential houses and controlling the construction of high quality commodity houses. Besides, the government also staged a series of measures on the lending for residential development.

They included, among others, strengthen efforts in housing provident fund collection and the granting of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks (《商業銀行房地產貸款風險管理指引》) issued by CBRC in August 2004, commercial banks may not provide any loans in any form for a project without the State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit. Any property developer applying for property development loans must have invested at least 35% of capital required for the development and a commercial bank should maintain a strict project approval mechanism for processing applications for property development loans.

Under the Notice of the People's Bank of China on Adjusting the Housing Credit Policies of Commercial Banks and Deposit Interest Rate of the Excess Part of the Reserve (《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》) issued by PBOC on March 16, 2005 and effective from March 17, 2005, the minimum amount of down payment for an individual residence shall be increased from 20% to 30% of the purchase price for properties in cities where the property market is considered to be overheating.

According to the requirement under a notice issued by PBOC and CBRC on Promoting Economical and Intensive Utilization of Land Through Financing (《關於金融促進節約集約用地的通知》) in July 2008, when the land and resource authority confirms that a developer has only developed less than 1/3 of the whole area or has only invested less than 1/4 of the total investment after the lapse of one full year from the date of commencing the construction of a real estate project as stipulated in the land transfer contract, a financial institution shall exercise prudence in granting loans to it and rigidly control extended loans or rolling credits to it. When the land and resource authority confirms that the construction use land for a real estate project has been idle for over two years, it is prohibited to grant any loan a real estate development for the given project or other loans with the construction use land of such project as collateral (including the asset protection business).

According to an opinion on Adjusting the Portion of Capital for Fixed Assets Investment (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council in May 2009, the capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the capital ratio for other real estate projects is adjusted from 35% to 30%. When providing credit support and services, the financial institutions shall strictly implement independent examination of loans and effectively prevent financial risk. The financial institutions shall, according to the loan subject and actual circumstances of the projects and referring to the proportionate capital requirement of the State, carry out comprehensive examination and assessment of the authenticity of the capital, investment income and loan risks, and independently decide whether to grant a loan or not and the specific amount and proportion of the loans.

The Opinion on Adjusting the Housing Supply Structure and Stabilizing the Property Price (《關於調整住房供應結構穩定住房價格的意見》), issued on May 24, 2006 by the State Council, provides that, to tighten the control of advancing loan facilities, commercial banks are not allowed to provide their loan facilities to developers who do not have the required 35% or more of the total capital for the construction projects. The commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the developers who have a large number of idle land parcels and unsold commodity properties. Banks may not accept mortgages of commodity properties remaining unsold for more than three years.

The Circular on Strengthening the Management of Commercial Real Estate Credit Facilities (《關於加強商業性房地產信貸管理的通知》), issued on September 27, 2007 by PBOC and CBRC, as supplemented on December 5, 2007, provides that:

- The minimum down payment for any purchase of first self-use residential property with a unit GFA of less than 90 sq.m. is 20% of the purchase price of the property. The minimum down payment for any purchase of first self-use residential property with a unit GFA of 90 square meters or more is 30% of the purchase price of the property; and

- If a family member (including the purchaser and his / her spouse and their children under 18) has financed the purchase of a residential property with bank loans, any member of the family that purchases another residential property will be regarded as a second-time property purchaser.

The Notice of the State Council on Firmly Curbing Precipitous Rise of Certain Urban Housing Prices (《關於堅決遏制部分城市房價過快上漲的通知》), promulgated on April 17, 2010 by the State Council, provides for the implementation of a stricter differentiated housing loan policy, including:

- Purchasers of a first residential property for a household with a GFA of greater than 90 square meters must make down payments of no less than 30% of the purchase price;

- Purchasers of a second residential property for a household must make down payments of no less than 50% of the purchase price and the interest rate of any mortgage for such property must equal at least the benchmark interest rate plus 10%; and

- The minimum down payment amount and applied interest rate must be increased significantly for purchasers of a third residential property.

On May 26, 2010, MOHURD, PBOC and CBRC jointly issued a notice clarifying the criteria for determining a "second residential household property". Among other matters, the requirements on down payments and interest rates for mortgages on a second residential property will also apply to non-local resident purchasers (i.e., purchasers who cannot provide proof that they have been making individual income tax payments or social security payments in the relevant local area for more than one year) applying for housing-related mortgage financing, regardless of whether there is any residential property under the name of a member of their households at the time of application.

The Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting the Business Tax Policy on Individual House Transfer (《財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知》) promulgated by the MOFCOM and the State Administration of Taxation on January 27, 2011, provides that:

- If a person sells housing purchased less than five years ago, business tax will be levied on the full amount of proceeds received; if a person sells non-ordinary housing purchased not less than five years ago, business tax will be levied based on the balance of the sales price and the purchase price of the house; and

- If a person sells ordinary housing purchased not less than five years ago, business tax will be exempted.

The Circular on Issues Relevant to Improving the Regulation and Control of the Real Estate Market (《關於進一步做好房地產市場調控工作有關問題的通知》) promulgated by the General Office of the State Council on January 26, 2011, provides that all local governments and the ministries and commissions under the State Council must comply with the following requirements:

- If an individual transfers a house within five years after purchasing it, all his or her income from such sale will be subject to business tax;

- A household purchasing a second residential household property by mortgage financing, the down payment must not be less than 60% of the purchase price, and the interest rate for a mortgage on such property must not be less than 1.1 times of the benchmark interest rate;

- Local governments are required to strengthen the administration of housing land supply and the land supply for housing for low-income people and shantytown renovation. Small and medium-sized ordinary commodity property must not be less than 70% of the total housing land supply;

- A local resident household having one residential household property, or a non-local resident household that is able to provide the individual income tax payment certificate or social insurance contribution certificate for a certain number of years, may only be allowed to purchase one more residential property; and

- A local resident household having two or more residential property, or a non-local resident household having one or more residential property or is unable to provide the individual income tax payment certificate or social insurance contribution certificate for a certain number of years, may not be allowed to purchase any residential property in the local area.

In accordance with the Notice of the MOHURD and the SAFE on Further Regulating the Administration of Property Purchase by Overseas Entities and individuals (《關於進一步規範境外機構和個人購房管理的通知》) promulgated on November 4, 2010, except Individuals (as otherwise provided in the laws and regulations, an overseas individual may only purchase one house unit for personal residence, and an overseas entity establishing domestic branches or representative offices may only purchase non-residential houses in the city of registration for business purposes.

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 (《國務院批轉國家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. Shanghai and Chongqing, as initial trial cities, have promulgated their local rules and regulations to implement property tax reform.

On February 26, 2013, the General Office of the State Council announced the Notice on Continuing to Improve the 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》), which, among others, provides the following requirements:

- All municipalities directly under the central government, municipalities with independent planning status, and provincial capital cities (excluding Lhasa) must promulgate their own plans and targets for price controls on newly constructed commodity properties (excluding low-cost housing projects) in 2013 based on the principle of stabilizing the current market price. Such plans and targets must be published within the first quarter of 2013;

- Limitations on the purchase of commodity properties must be strictly implemented, and the scope of such limitations must cover all newly constructed commodity properties and second-hand properties located within the entire administrative area of the city in question;

- Non-local resident families that already hold a property and non-local resident families that cannot prove their local payment of tax and/or social insurance for a required period of time shall be suspended from purchasing any property within the local administrative area;

- For those cities with excessive growth in housing prices, the local counterparts of the PBOC may further increase down payment ratios and interest rates for loans to purchase second properties in accordance with the price control policies and targets of the corresponding local governments; and

- The gains generated from the sale of a self-owned property shall be subject to individual income tax at a rate of 20%, if the original value of such property can be verified through historical information such as tax filings and property registration.

Environmental Protection in Construction Projects

Under the Regulations on the Administration of Environmental Protection in Construction Project (建設項目環境保護管理條例) (the "Environmental Regulations"), promulgated by the State Council on November 29, 1998 and effective as of the same date, each construction project is subject to an environmental impact assessment by the relevant authorities.

According to the Environmental Regulations, a developer is required to submit an environmental impact report, or an environmental impact report form, or an environmental impact registration form (as the case may be) to the relevant environmental protection administration for approval during the project's feasibility analysis stage. If any ancillary environmental protection facilities are necessary in the construction project, such facilities are required to be designed, constructed and used in conjunction with the main project. After completion of the project, the developers are required to apply to the relevant environmental protection administrations for final acceptance examination in respect of any ancillary environmental protection facilities. Construction projects are approved for use after passing the said acceptance examination.

The Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), promulgated by the NPC on October 28, 2002 and effective as of September 1, 2003, provides that if the environmental impact assessment documents of a construction project have not been examined by the relevant environmental protection administrations or are not approved after examination, the authority in charge of examination and approval of the project may not approve construction on the project, and the construction work unit may not commence work.

Construction Safety

Under relevant laws and regulations such as the Laws on Safe Production of the People's Republic of China (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the NPC in November 2002 and revised on August 27, 2009, the developer 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 authority. Contractors for the construction shall 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 shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

Under the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1,1997 and latest revised on April 22, 2011, 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.

In the Guidance of the MOHURD on Strengthening the Insurance of Accidental Injury in Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) issued by the MOHURD on May 23, 2003, MOHURD further emphasizes the importance of the insurance of accidental injuries during construction work and provides specific guidance in this aspect. In addition to work-related insurance, construction enterprises shall also maintain personal accident insurance for on-site staff engaging in dangerous operation in accordance with the provisions set out in the Construction Law of the PRC and Provisions of Safety Production Management of Construction Project (Order of State Council No.393) (《建設工程安全生產管理條例》).

Major Taxes Applicable to Property Developers

Enterprise income tax

In 2007, the PRC government adopted the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "EIT Law") and its implementation rules, which became effective on January 1, 2008. The EIT Law provides that all enterprises in the PRC, including foreign-invested companies, are subject to a uniform 25.0% enterprise income tax rate. The EIT Law also provides that enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and are generally subject to the uniform 25.0% enterprise income tax rate as to their worldwide income. Under the implementation rules for the EIT Law issued by the State Council, "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.

Under the EIT Law and its implementation rules issued by the State Council, PRC income tax at the rate of 10.0% is applicable to dividends payable to investors that are "non-resident enterprises," which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of equity or shares by such investors is also subject to PRC income tax at a rate of 10.0% if such gain is regarded as income derived from sources within the PRC. A lower income tax rate of 5.0% is applied if the "non-resident enterprises" are registered in Hong Kong or other jurisdiction that have a tax treaty arrangement with China and the competent PRC taxation authority has approved the application of such beneficial tax rate under certain circumstance (i.e. the "non-resident enterprises" that directly hold not less than 25% equity of a PRC enterprise).

Pursuant to the Measures on Assessment, Levying and Collection of Corporate Income Tax (For Trial Implementation) (《企業所得税核定徵收辦法》(試行)) promulgated by the State Administration of Taxation on March 6, 2008, implemented on January 1, 2008, corporate income tax shall be assessed and levied on the following taxpayers:

- taxpayers who are exempted from keeping accounts pursuant to the provisions of laws and administrative regulations;
- taxpayers who are required to keep accounts pursuant to the provisions of laws and administrative regulations but have not done so;
- taxpayers who arbitrarily destroyed accounts books or refused to provide tax information;
- taxpayers who have kept accounts books but the accounts are confusing or cost information, proof of income and expenditure are incomplete which made accounts inspection difficult;
- taxpayers who have incurred tax payment obligations but failed to file tax returns by the due date and again failed to file tax returns upon being ordered by the tax authorities to do so within a stipulated period; and
- taxpayers whose tax computation basis is evidently on the low end without a proper reason.

These Measures shall not apply to taxpayers in special industries and categories, and taxpayers of a certain scale and above. The aforesaid specific taxpayers shall be separately specified by the State Administration of Taxation.

Tax authorities shall assess the percentage of taxable income or amount of income tax payable for taxpayers subject to assessment, levying and collection of corporate income tax according to the specific circumstances of the taxpayers.

The percentage of taxable income shall be assessed under the following circumstances:

- the total income amount can be correctly computed (verified) but the total costs and expenses cannot be correctly computed (verified);
- the total costs and expenses can be correctly computed (verified), but the total income amount cannot be correctly computed (verified);

- the total income amount or total costs and expenses of the taxpayer can be computed and deduced through reasonable methods.

For taxpayers who do not fall under the above categories, their taxable income amount shall be assessed.

Pursuant to the Rules for the Implementation of the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) promulgated by the State Council on September 7, 2002, implemented on October 15, 2002, and amended on July 18, 2013, tax authorities shall strengthen administration of tax collection and establish and improve a comprehensive system of accountability. Tax authorities shall determine tax collection methods to ensure prompt deposit of taxes collected into State Treasury, provision of convenience for taxpayers and reduced taxation costs.

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 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 MOF on December 25, 1993 and amended on December 15, 2008 and October 28, 2011, the tax rate applicable to the transfer of the properties, their superstructures and attachments is 5% of the gross proceeds.

According to the Announcement of the State Administration of Taxation on Issues Concerning Business Tax of Taxpayers' Investment on Government Land Renovation Projects (《國家稅務總局關於納稅人投資政府土地改造項目有關營業稅問題的公告》) issued by State Administration of Taxation on April 15, 2013 and implemented on May 1, 2013, some taxpayers (hereinafter referred to as the "investors") cooperate with local governments and invest in government land renovation projects (including land consolidation work such as business relocation, dilapidated building demolition and site preparation), among which, the land demolition and relocation, resettlement and compensation work shall be undertaken by other taxpayers designated by local governments whereas the investors shall pay as scheduled for the funds needed for the land consolidation work; and at the same time, the investors shall, serving as the constructing party, enter into contracts with the planning and constructing units and assisting local governments concerned to finish related work such as the land planning and designing, site preparation and the basic landscaping of the areas surrounding the plots, and pay directly to the planning and constructing units for their designing fees and project expenses. And upon satisfying the national conditions for presenting the plots in the market, the local governments shall list them for bidding. If the transaction prices are lower than the funds invested by the investors, the losses shall be borne by the investors; and if the transaction prices are higher than the funds invested by the investors, the gains shall go to the investors. In the aforementioned processes, the behavior of the investors fall under the category of investment behavior and therefore are not subject to business tax levying, proceeds out of which shall be exempt from business taxes; whereas the planning and constructing services provided by the planning and constructing units respectively shall be levied business taxes in accordance with the relevant regulations.

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》) which were promulgated on December 13, 1993 came into effect on January 1, 1994 and amended on January 8, 2011, and the 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》) 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 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 of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- costs and expenses for the development of the land;
- related tax payable for the transfer of property; and
- other deductible items as specified by the MOF.

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 used.

OTHER REGULATIONS

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 property development enterprises mainly as follows:

- For property 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 domestic party's shares within an equity joint venture, such foreign entities and individuals must make the payment for the transfer consideration in a lump sum, otherwise SAFE shall not process any foreign exchange registration relating to the foreign exchange transaction.

Administration on Foreign Currency Exchange

Under the Foreign Exchange Administration Rules (《外匯管理條例》), which came into effect on August 5, 2008, RMB is freely convertible for current account items, including the distribution of dividends payments, interest payments, trade and service-related foreign exchange transactions. Conversion of RMB for capital account items, such as direct investment, loans, securities investment and repatriation of investment, however, is still generally subject to the approval or verification of the SAFE.

Under the Regulations of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated on June 20, 1996 by the PBOC, the FIEs, including WFOEs, may only buy, sell or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of capital account item transactions, obtaining approvals from the SAFE.

On August 29, 2008, the SAFE promulgated the Circular on Issues Relating to the Improvement of Business Operation with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of FIEs (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (the "Circular 142"). Circular 142 stipulates that the registered capital of a FIE may only be used for the purpose within its approved business scope and shall not be used for equity investment within the PRC.

According to the principles for approval provided in the Guidelines for the Administration of Foreign Debt Registration (《外債登記管理操作指引》) annexed to the Administrative Measures for the Registration of Foreign Debts (《外債登記管理辦法》) promulgated by SAFE on April 28, 2013 and implemented on May 13, 2013, foreign debts from foreign-funded real estate enterprises shall be administered according to the following principles:

(1) No registration formalities for contracted foreign debts will be provided to foreign-funded real estate enterprises which obtain approval certificates from competent commerce departments and have passed the procedures for archiving with the MOFCOM on or after June 1, 2007.

(2) A foreign-funded real estate enterprise established on or before 1 June 2007 may undertake foreign debt up to its difference between the total investment and registered capital in investment in accordance with relevant provisions. The difference between the total investment and registered capital after capital increase will be considered if it is less than the difference between the total investment and registered capital before capital increase.

(3) A foreign-funded real estate enterprise shall not undertake foreign debt if its registered capital has not been fully paid or state-owned land use right certificate has not been obtained or its fund available for development project is less than 35% of its total project investment. The SAFE will not provide any registration formality for contracted foreign debt to such enterprise.

PRC Laws and Regulations on Labor Protection

The Labor Law of the PRC (《中華人民共和國勞動法》) (the "PRC Labor Law") was promulgated by the Standing Committee of the NPC on July 5, 1994 and became effective on January 1, 1995 and revised on August 27, 2009. The PRC Labor Contract Law (《中華人民共和國勞動合同法》) was promulgated by the NPC on June 29, 2007 and became effective on January 1, 2008, and it was amended on December 28, 2012, which has taken effect on July 1, 2013. The Implementing Regulations of the PRC Labor Contract Law (《中華人民共和國勞動合同法實施條例》) were promulgated by the State Council and became effective on September 3, 2008. The aforesaid laws and their implementing regulations govern the establishment of employment relationships between employers and employees, as well as the conclusion, performance, termination and amendment of employment contracts. To establish an employment relationship, a written employment contract must be signed. In the event that no written employment contract was signed at the time of the establishment of an employment relationship, a written employment contract must be signed within one month of the date on which the employer first engages the employee.

Under applicable PRC laws, rules and regulations, including the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the NPC on October 28, 2010 and became effective on 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 Maternity Insurance (《企業職工生育保險試行辦法》), which were promulgated by the Ministry of Labor of the PRC 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, became effective on January 2004 and were amended on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》), which were promulgated by the State Council and became effective on January 22, 1999 and the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), which were promulgated by the State Council and became effective on April 3, 1999 and were amended on March 24, 2002, employers 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, occupational injury insurance, maternity leave insurance, and housing funds. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to rectify the deficit within a stipulated time limit.

OUR ORIGINS AND HISTORY

Our history can be traced back to June 1995 when Mr. Wang, our founder, acquired 97% equity interest in Langfang City Property, one of our principal operating subsidiaries, from an Independent Third Party at a consideration of RMB4.86 million. The consideration came from Mr. Wang's personal financial resources. Langfang City Property was principally engaged in property development and the provision of after-sales service.

On August 3, 2005, to cope with the rapid development of industrial towns with city functions in China's urbanization process, Mr. Wang, together with Langfang Development Zone Yongsheng Property Development Co., Ltd.* (廊坊開發區永升房地產開發有限公司), a company owned and controlled by Mr. Wang Jianhai, brother of Mr. Wang, established Langfang Sheng Shi Construction with a total registered capital of RMB20.0 million. The registered capital came from Mr. Wang's personal financial resources. Langfang Sheng Shi Construction was owned as to 80% by Mr. Wang and 20% by Langfang Development Zone Yongsheng Property Development Co., Ltd.* at its establishment. Langfang Sheng Shi Construction was principally engaged in the planning, design and development of industrial town projects.

In June 2007, Sheng Shi International and King Billion, which were then controlled by Mr. Sun Xiaobing (孫曉冰), an Independent Third Party, established Langfang Vast Zhanyao and Tangshan Zhanyao, and Langfang Vast Zhuoyou and Langfang Yongxie Property, respectively, all of which are WFOEs. On November 28, 2007, Langfang City Property was transferred to Tangshan Zhanyao. On February 1, 2008, Ms. Zhao, who held a St. Kitts and Nevis passport and the beneficial owner of Shing Cheong, acquired Langfang City Property through the acquisition by Shing Cheong of Sheng Shi International, the sole shareholder of Tangshan Zhanyao. For further details, please refer to "– Major Acquisitions and Development of Our Offshore Subsidiaries" below. On December 21, 2011, Ms. Zhao further acquired Langfang Sheng Shi Construction through Langfang Vast Zhuoyou. For further details, please refer to "– Major Acquisitions, Disposals and Mergers of Our PRC Subsidiaries" below. For the background information of Mr. Wang and Ms. Zhao, see "Directors, Senior Management and Employees" for details.

KEY MILESTONES

The following table sets forth major achievements and milestones in the development of our business:

Year	Milestones/Events
1995	Mr. Wang, our founder, acquired 97% equity interest in Langfang City Property in June.
2005	We established Langfang Sheng Shi Construction in August and commenced the development and construction of Longhe Park in November.
2006	We introduced the project of Foxconn Langfang Information Technology Industry Manufacture Base* (富士康廊坊資訊產業製造基地) in December.
2007	We commenced construction of Yihejiayuan Neighborhood* (頤和佳苑社區) in April.
2008	CDH and OCBC invested in us in February.

Year	Milestones/Events
2009	We commenced the development of Yihejiayuan Phase II* (頤和佳苑二期) and Mingren International* (名人國際) and in April and June, respectively.
2010	• We introduced the projects of China Construction Second Engineering Bureau Ltd.* (中國建築第二工程局有限公司), Langfang Global Logistic Properties Warehouse Co., Ltd.* (廊坊普洛斯倉儲有限公司), Red Star Macalline International Home Plaza* (紅星美凱龍全球家居生活廣場) in April, September and October, respectively.
	• Longhe Park was awarded the "Most Valuable Ecological Development Zone in China (中國最具投資價值金融生態開發區)" jointly by the World Bank Association (世界銀行協會), the Asia Finance Research Center (亞洲金融研究中心), the Promotion Center of China Financial and Ecological City Development (中國金融生態城市發展促進會), the China City Investment & Development Association (中國城市投資發展協會) and Today Fortune (今日財富報社) in January.
2012	• We commenced construction of Talent Home (Public Rental Housing)* (龍河高新區人才家園(公租房)) in March.
2013	• We entered into a co-operation agreement with the local government of Anci District of Langfang, Hebei province and commenced the construction of Base for Leisure & Entertainment* (休閒度假基地) in January.
	• We commenced construction of High-level Talents Business Incubator* (高層次人才創業園) in May.
	• We entered into a strategic investment agreement with the People's Government of Chuzhen to develop Chuzhou Park in July.
	• We were awarded the "CIHAF2013 Outstanding Award for Urbanization in China (CIHAF2013中國城鎮化建設突出貢獻大獎)" by "China International Real Estate Architecture Technology Fair (深圳住交會)" in December.
2014	• Longhe Park was awarded the "Intelligence & Innovation, 2013 Demonstration and Development Zone for New Type of Urbanization in China (智慧•創新2013中國新型城鎮化發展示範開發區)" jointly by National Development Zone Investment Promotion Association (全國開發區招商促進會), the China City Investment & Development Association (中國城市投資發展協會), the Promotion Association of China Enterprises Investment and Development (中國企業投資發展促進會), the China Brand Association (中國品牌建設協會) and Brand Information News (品牌資訊報社) in January.
	• CCBI Investments, through its wholly-owned subsidiary, Chance Talent, invested in us in February.

OUR SUBSIDIARIES

Our PRC Subsidiaries

As of the Latest Practicable Date, our Group had either established or acquired 17 PRC subsidiaries. The PRC subsidiaries were established or acquired mainly for the purpose of the different industrial town construction and development projects and maintenance service undertaken by our Group.

The following table sets forth the corporate information of our PRC subsidiaries as of the Latest Practicable Date:

No.	Name of subsidiary	Date of Incorporation	Principal Business Activities	Effective equity interests owned by our Company
1.	Langfang City Property	May 22, 1995	Property development and provision of after-sales service	100.0%
2.	Langfang Sheng Shi Construction	August 3, 2005	Planning, design and development of industrial town projects	100.0%
3.	Langfang Vast Zhanyao(1)	June 5, 2007	Property development	100.0%
4.	Langfang Vast Zhuoyou(2)	June 5, 2007	Property development	100.0%
5.	Langfang Yongxie Property(3)	June 5, 2007	Consulting and maintenance service	100.0%
6.	Tangshan Zhanyao(4)	June 25, 2007	Property development	100.0%
7.	Langfang Hongsheng	August 14, 2007	Property development	100.0%
8.	Langfang Honghao Investment	July 7, 2008	Infrastructure investment	51.60%(5)
9.	Langfang Yonglun	July 14, 2009	Property development and sales	100.0%
10.	Langfang Gaodi	January 5, 2010	Manufacture and sales of digital products(6)	100.0%
11.	Chengde Yonglun	February 8, 2010	Property development	100.0%
12.	Langfang Shoukai Sheng Shi Investment	August 4, 2011	Infrastructure investment	62.96%(7)
13.	Langfang Goodman Vast Park Service	April 12, 2012	Infrastructure maintenance service(8)	100.0%
14.	Langfang Yingkai Technology	March 29, 2013	Consulting and maintenance service and plant rental service	100.0%
15.	Chuzhou Vast Zhanyao	August 26, 2013	Business consulting service	100.0%
16.	Langfang Vast Park	October 8, 2013	Infrastructure maintenance service	100.0%
17.	Beijing Vast Zhanyao Investment	April 29, 2014	Project investment, lease, consulting and asset management	100.0%

Notes:

(1) Langfang Vast Zhanyao is a WFOE established by Sheng Shi International.

(2) Langfang Vast Zhuoyou is a WFOE established by King Billion.

(3) Langfang Yongxie Property is a WFOE established by King Billion.

(4) Tangshan Zhanyao is a WFOE established by Sheng Shi International.

(5) The remaining 48.4% equity interest in Langfang Honghao Investment were held by Baoding Hengcheng Shareholding Investment Fund Center Limited Partnership* (保定恒誠股權投資基金中心(有限合夥)) ("**Baoding Hengcheng Fund**") and Baoding Hengshi Shareholding Investment Fund Center Limited Partnership* (保定恒實股權投資基金中心(有限合夥)) ("**Baoding Hengshi Fund**") to secure their respective investments in Langfang Honghao Investment in April 2013, in equal portion, (i.e. 24.2% each), who are independent of and not connected with our Company and/or our connected persons, save for being a Substantial Shareholder of our subsidiary, Langfang Honghao Investment. Pursuant to (i) the investment framework agreement among Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Hengcheng Fund and Baoding Hengshi Fund, (ii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengcheng Fund, and (iii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengshi Fund, Langfang Sheng Shi Construction must, within 24 months or 36 months from the investment date thereunder, acquire the 48.4% equity interest in Langfang Honghao Investment from Baoding Hengcheng Fund and Baoding Hengshi Fund upon receipt by Baoding Hengcheng Fund or Baoding Hengshi Fund of their respective investments amount with premium. According to the confirmation letter signed by Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.*, Baoding Hengcheng Fund and Baoding Hengshi Fund do not entitle to share profit and bear loss of Langfang Honghao Investment but receive a fixed return of the investments.

(6) We plan to invest in Longhe Gaodi Digital Technology project in Longhe Park.

(7) The remaining 37.04% equity interest in Langfang Shoukai Sheng Shi Investment are held by Baoding Tai'an Shareholding Investment Fund Center Limited Partnership* (保定泰安股權投資基金中心(有限合夥)) ("**Baoding Tai'an Fund**") and Baoding Tai'cheng Shareholding Investment Fund Center Limited Partnership* (保定泰成股權投資基金中心(有限合夥)) ("**Baoding Tai'cheng Fund**") to secure their respective investments in Langfang Shoukai Sheng Shi Investment in July 2014, in equal portion, (i.e.18.52% each), who are independent of and not connected with our Company and/or our connected persons, save for being a Substantial Shareholder of our subsidiary, Langfang Shoukai Sheng Shi Investment. Pursuant to (i) the investment framework agreement dated 26 June 2014 among Langfang Sheng Shi Construction, Langfang Shoukai Sheng Shi Investment and Ruiyan (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Shareholding Investment Fund Center Limited Partnership* (保定泰宇股權投資基金中心(有限合夥)) ("**Baoding Tai'yu Fund**"), (ii) the equity acquisition agreement dated 26 June 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, and (iii) the capital increase agreement dated 26 June 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, the registered capital of Langfang Shoukai Sheng Shi Investment is expected to increase to RMB202.0 million by means of capital injection of RMB40.0 million by Baoding Tai'yu Fund upon satisfaction of the conditions that (a) the registered capital of Langfang Shoukai Sheng Shi Investment has been increased to RMB162.0 million by means of capital injection of RMB30.0 million by each of Baoding Tai'an Fund and Baoding Tai'cheng Fund, and (b) Langfang Sheng Shi Construction has provided sufficient land use right as collateral. Upon completion of such capital increase, Langfang Shoukai Sheng Shi Investment will be held as to 50.50% by Langfang Sheng Shi Construction, 14.85% by Baoding Tai'an Fund, 14.85% by Baoding Tai'cheng Fund and 19.80% by Baoding Tai'yu Fund.

(8) We plan to develop some projects in Guangyang Park by Langfang Goodman Vast Park Service in the future.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS OF OUR PRC SUBSIDIARIES

The following table sets forth the major acquisitions, disposals and mergers completed by our PRC subsidiaries:

Date and description of transaction	Parties	Amount and base of consideration	How and when consideration was settled	Reason for the transaction
Langfang Sheng Shi Construction				
In December 2005, Tianjin City Construction Development Co., Ltd.* (天津市市政建設開發有限責任公司) ("**Tianjin City Construction**") acquired 26% and 4% equity interest in Langfang Sheng Shi Construction from Langfang Hongtai Construction Co., Ltd.* (廊坊市宏泰建設有限公司), now known as Langfang Xinjun Construction Co., Ltd.* (廊坊市新郡建設有限公司) and Mr. Wang.	• Vendor: Mr. Wang and Langfang Hongtai Construction Co., Ltd.*, ultimately controlled by Mr. Wang Jianhai, the brother of Mr. Wang at the time of acquisition • Purchaser: Tianjin City Construction (Independent Third Party)	RMB16.2 million The consideration was determined on the basis of the then registered capital of Langfang Sheng Shi Construction.	Settled in cash in 2005	Given Tianjin City Construction's market position in construction industry, we engaged Tianjin City Construction as the shareholder of Langfang Sheng Shi Construction at that time.
In August 2008, Langfang Hongtai Construction Co., Ltd.* and Mr. Wang acquired 10% and 20% equity interest in Langfang Sheng Shi Construction from Tianjin City Construction.	• Vendor: Tianjin City Construction (Independent Third Party) • Purchaser: Mr. Wang and Langfang Hongtai Construction Co., Ltd.* (2)	approximately RMB34.7 million The consideration was determined through the listing-for-sale process.	Settled in cash in 2008	Tianjin City Construction reduced its shareholding investments in other companies and therefore terminated the shareholding cooperation with us.
In December 2011, Langfang Vast Zhuoyou acquired 20.0% and 80.0% equity interest in Langfang Sheng Shi Construction from Langfang Hongtai Construction Co., Ltd.* and Mr. Wang, respectively.	• Vendor: Mr. Wang and Langfang Hongtai Construction Co., Ltd.*(2) • Purchaser: Langfang Vast Zhuoyou	RMB150.00 million The consideration was determined on the basis of the then registered capital of Langfang Sheng Shi Construction.	Settled by setoff of indebtedness in 2013	Langfang Vast Zhuoyou is a WFOE established by King Billion on June 25, 2007. As a result of the acquisition, Langfang Sheng Shi Construction and its subsidiaries were injected into our Group.

Date and description of transaction	Parties	Amount and base of consideration	How and when consideration was settled	Reason for the transaction
Langfang City Property				
In September 2001, Mr. Wang and Langfang Hongwei Construction Group Co., Ltd.* (廊坊市宏偉建設集團有限公司) disposed their respective 1.0% and 46.5% equity interest in Langfang City Property to Langfang Development Zone Vast Property Development Co., Ltd.* (廊坊開發區宏泰物業發展有限公司)(1).	• Vendor: Mr. Wang and Langfang Hongwei Construction Group Co., Ltd.* (Independent Third Party) • Purchaser: Langfang Development Zone Vast Property Development Co., Ltd.*, a company ultimately controlled by Mr. Wang at the time of disposal	RMB4.75 million The consideration was determined on the basis of the then registered capital of Langfang City Property.	Settled in cash in 2001	To streamline our corporate structure
In November 2007, Tangshan Zhanyao acquired 97.0% and 3.0% equity interest in Langfang City Property from Langfang Vast Industrial Group Co., Ltd.* (廊坊宏泰實業集團有限公司)(1), formerly known as Langfang Development Zone Vast Property Development Co., Ltd.* ("**Langfang Vast Industrial Group**") and Mr. Zhao Shuping, respectively.	• Vendor: Langfang Vast Industrial Group and Mr. Zhao Shuping (our employee) • Purchaser: Tangshan Zhanyao	Approximately RMB50.43 million The consideration was determined on the basis of the asset evaluation by an Independent Third Party.	Settled partially by setoff of indebtedness in 2013 and partially in cash in 2014	To streamline our corporate structure
In March 2008, Langfang Vast Zhanyao acquired the entire equity interest in Langfang City Property from Tangshan Zhanyao.	• Vendor: Tangshan Zhanyao • Purchaser: Langfang Vast Zhanyao	RMB20.00 million The consideration was determined on the basis of the then registered capital of Langfang City Property.	Settled by setoff of indebtedness in 2013	To streamline our corporate structure As a result of the acquisition, Langfang City Property became a wholly-owned subsidiary of Langfang Vast Zhanyao.
In May 2008, Langfang City Property merged with Langfang Xintiandi Property Development Co., Ltd.* (廊坊市新天地房地產開發有限公司).	Langfang Xintiandi Property Development Co., Ltd.*, was wholly-owned by Langfang Vast Zhanyao at the time of merger.	N/A	N/A	To expand our business scale Upon completion of the merger, Langfang Xintiandi Property Development Co., Ltd.* was dissolved.

Date and description of transaction	Parties	Amount and base of consideration	How and when consideration was settled	Reason for the transaction
In May 2011, Langfang City Property merged with Langfang Development Zone Beijing Foreign Enterprises Center Co., Ltd.* (廊坊開發區北京外企聯誼中心有限公司).	Langfang Development Zone Beijing Foreign Enterprises Center Co., Ltd.* was wholly-owned by Langfang City Property at the time of merger.	N/A	N/A	To expand our business scale Upon completion of the merger, Langfang Development Zone Beijing Foreign Enterprises Center Co., Ltd.* was dissolved.
In April 2013, Langfang City Property merged with Langfang Vast Zhanyao Investment Co., Ltd.* (廊坊市宏泰展耀投資有限公司)[1], formerly known as Langfang Vast Industrial Group.	Langfang Vast Zhanyao Investment Co., Ltd.* was wholly-owned by Langfang Vast Zhanyao at the time of merger.	N/A	N/A	To expand our business scale Upon completion of the merger, Langfang Vast Zhanyao Investment Co., Ltd.* was dissolved.
Langfang Vast Industrial Group[3]				
In November 2007, Tangshan Zhanyao acquired 97.0% and 3.0% equity interest in Langfang Vast Industrial Group from Mr. Wang and Mr. Chen Fengguo (陳鳳國), respectively.	• Vendor: Mr. Wang and Mr. Chen Fengguo (Independent Third Party) • Purchaser: Tangshan Zhanyao	approximately RMB67.88 million The consideration was determined on the basis of the asset evaluation by an Independent Third Party.	Settled partially by setoff of indebtedness in 2013 and partially in cash in 2014	To streamline our corporate structure
Langfang Xintiandi Property Development Co., Ltd.* (廊坊市新天地房地產開發有限公司)[3]				
In November 2007, Tangshan Zhanyao acquired the entire equity interest in Langfang Xintiandi Property Development Co., Ltd. from Mr. Wang.	• Vendor: Mr. Wang • Purchaser: Tangshan Zhanyao	approximately RMB19.59 million The consideration was determined on the basis of the asset evaluation by an Independent Third Party.	Settled partially by setoff of indebtedness in 2013 and partially in cash in 2014	To streamline our corporate structure

Date and description of transaction	Parties	Amount and base of consideration	How and when consideration was settled	Reason for the transaction
Langfang Honghao Investment				
In April 2013, the registered capital of Langfang Honghao Investment was increased to RMB620.0 million by means of capital injection of RMB310.0 million in total, among which RMB150.0 million was contributed by Baoding Hengcheng Fund, RMB150.0 million was contributed by Baoding Hengshi Fund and RMB10.0 million was contributed by Langfang Sheng Shi Construction.	**New shareholders by means of capital injection[(4)]:** • Baoding Hengcheng Fund (Independent Third Party) • Baoding Hengshi Fund (Independent Third Party)	**The amount of increased registered capital:** RMB310.00 million The consideration was determined on the basis of the then registered capital of Langfang Honghao Investment.	Settled in cash in 2013	To obtain the investments from Baoding Hengcheng Fund and Baoding Hengshi Fund
Langfang Goodman Vast Park Service				
In March 2014, Langfang Sheng Shi Construction acquired 50% equity interest in Langfang Goodman Vast Park Service from Goodman China Limited.	• Vendor: Goodman China Limited (Independent Third Party) • Purchaser: Langfang Sheng Shi Construction	US$15.00 million The consideration was determined on the basis of the then registered capital of Langfang Goodman Vast Park Service.	Settled in cash in May 2014	To terminate the[(5)] cooperation with Goodman China Limited
Langfang Shoukai Sheng Shi Investment				
In July 2014, the registered capital of Langfang Shoukai Sheng Shi Investment was increased to RMB162.0 million by means of capital injection of RMB60.0 million in total, among which RMB30.0 million was contributed by Baoding Tai'an Fund and RMB30.0 million was contributed by Baoding Tai'cheng Fund.	**New shareholders by means of capital injection[(6)]:** • Baoding Tai'an Fund (an Independent Third Party) • Baoding Tai'cheng Fund (an Independent Third Party)	**The amount of increased registered capital:** RMB60.0 million The consideration was determined on the basis of mutual agreement between the new shareholders.	Settled in cash in June 2014	To obtain the investments from Baoding Tai'an Fund and Baoding Tai'cheng Fund

Notes:

(1) Langfang Development Zone Vast Property Development Co., Ltd.* (廊坊開發區宏泰物業發展有限公司) changed its name to Langfang Vast Industrial Group Co., Ltd.* (廊坊宏泰實業集團有限公司) and further changed its name to Langfang Vast Zhanyao Investment Co., Ltd.* (廊坊市宏泰展耀投資有限公司). Langfang Vast Zhanyao Investment Co., Ltd.* merged with Langfang City Property in April 2013 and was dissolved thereafter.

(2) Langfang Hongtai Construction Co., Ltd.* held the 20.0% equity interest in Langfang Sheng Shi Construction as trustee for and on behalf of Mr. Wang at the time of acquisition. All the rights and obligations attaching to the entrusted equity interest in Langfang Sheng Shi Construction were retained by Mr. Wang. Given Langfang Hongtai Construction Co., Ltd.*'s extensive exposure in real estate market and its higher certification class of property development, we engaged Langfang Hongtai Construction Co., Ltd.* as the shareholder of Langfang Sheng Shi Construction at that time. As advised by our PRC legal advisor, Jingtian & Gongcheng, the trust arrangement is legally valid under the relevant PRC laws and regulations.

(3) Langfang City Property merged with Langfang Xintiandi Property Development Co., Ltd.* and Langfang Vast Industrial Group in May 2008 and April 2013, respectively. Upon completion of the merger, Langfang Xintiandi Property Development Co., Ltd.* and Langfang Vast Industrial Group were dissolved.

(4) Baoding Hengcheng Fund and Baoding Hengshi Fund hold the 48.4% equity interest in Langfang Honghao Investment in equal portion (i.e. 24.2% each) to secure their respective investments in Langfang Honghao Investment, namely RMB150.0 million each, in April 2013. Pursuant to (i) the investment framework agreement among Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Hengcheng Fund and Baoding Hengshi Fund, (ii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengcheng Fund, and (iii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengshi Fund, Langfang Sheng Shi Construction must, within 24 months or 36 months from the investment date thereunder, acquire the 48.4% equity interest in Langfang Honghao Investment from Baoding Hengcheng Fund and Baoding Hengshi Fund upon receipt by Baoding Hengcheng Fund or Baoding Hengshi Fund of their respective investments amount with premium. According to the confirmation letter signed by Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.*, Baoding Hengcheng Fund and Baoding Hengshi Fund do not entitle to share profit and bear loss of Langfang Honghao Investment but receive a fixed return of the investments.

(5) Langfang Goodman Vast Park Service was a joint venture established by Langfang Sheng Shi Construction and Goodman China Limited on April 12, 2012. In March 2014, we acquired the 50% equity interest in Langfang Goodman Vast Park Service from Goodman China Limited in order to terminate the cooperation with Goodman China Limited. Upon completion of such acquisition, Langfang Goodman Vast Park Service has been our wholly-owned subsidiary. Currently, Langfang Goodman Vast Park Service is not engaged in any business. We plan to develop some projects in Guangyang Park by Langfang Goodman Vast Park Service in the future.

(6) Baoding Tai'an Fund and Baoding Tai'cheng Fund hold the 37.04% equity interest in Langfang Shoukai Sheng Shi Investment in equal portion (i.e. 18.52% each) to secure their respective investments in Langfang Shoukai Sheng Shi Investment, namely RMB150.0 million each, in July 2014. Pursuant to (i) the investment framework agreement dated 26 June 2014 among Langfang Sheng Shi Construction, Langfang Shoukai Sheng Shi Investment and Ruiyan (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, (ii) the equity acquisition agreement dated 26 June 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, and (iii) the capital increase agreement dated 26 June 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, (A) the registered capital of Langfang Shoukai Sheng Shi Investment is expected to further increase to RMB202.0 million by means of capital injection of RMB40.0 million by Baoding Tai'yu Fund upon satisfaction of the conditions that (a) the registered capital of Langfang Shoukai Sheng Shi Investment has been increased to RMB162.0 million by means of capital injection of RMB30.0 million by each of Baoding Tai'an Fund and Baoding Tai'cheng Fund, and (b) Langfang Sheng Shi Construction has provided sufficient land use right as collateral, and (B) Langfang Sheng Shi Construction shall acquire the 49.5% (or 37.04% in the event that the registered capital of Langfang Shoukai Sheng Shi Investment is not yet increased to RMB202.0 million) equity interest in Langfang Shoukai Sheng Shi Investment from Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund upon receipt of their respective investment amount with premium. According to the confirmation letter signed by Langfang Sheng Shi Construction, Langfang Shoukai Sheng Shi Investment and Ruiyan (Tianjin) Investment Fund Management Co., Ltd.*, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund do not entitle to share profit and bear loss of Langfang Shoukai Sheng Shi Investment but receive a fixed return of the investments.

As advised by our PRC legal advisor, Jingtian & Gongcheng, (i) the necessary approvals from and/or registrations with the relevant authorities for all of our acquisitions, disposals and merges as disclosed above had been obtained as of the Latest Practicable Date and (ii) all of our acquisitions, disposals and merges as disclosed above had been completed in accordance with applicable PRC laws and regulations.

MAJOR ACQUISITIONS AND DEVELOPMENT OF OUR OFFSHORE SUBSIDIARIES

Shing Cheong Holdings Ltd.

Shing Cheong was incorporated as a limited liability company in the BVI on April 12, 2007 with an authorized share capital of US$50,000 divided into 50,000 ordinary shares of par value of US$1.00. Upon its incorporation, 100 ordinary shares were issued to Profit East at par of US$1.00 each.

On February 1, 2008, to facilitate the transaction with CDH and OCBC with respect to their subscription of the CDH Preferred Shares (as defined below) and OCBC Preferred Shares (as defined below), respectively, Shing Cheong conducted a sub-division to the effect that Shing Cheong is authorized to issue 500,000,000 shares divided into two classes, including 300,000,000 ordinary shares with a par value of US$0.0001 each and 200,000,000 Series A preferred shares with a par value of US$0.0001 each (the "**Series A Preferred Shares**"). On the same day, 67,222,222 ordinary shares were allotted and issued to Profit East at par value of US$0.0001 and were subsequently pledged by Profit East in favour of CDH and OCBC in proportion to their respective investment amounts under the 2008 Share Mortgages (as defined below). For further details, please refer to "Historical Investments by CDH and OCBC" in this section below. On February 12, 2014, to facilitate the transaction with our Pre-IPO Investor, 2,777,778 ordinary shares were further allotted and issued to Profit East at par value of US$0.0001 each and as a result the total share capital issued to Profit East amounted to 70,000,000 shares. On February 21, 2014, as part of our Reorganization, our Company and Profit East conducted a share swap whereby the entire issued share capital in Shing Cheong was transferred from Profit East to our Company in consideration of 10,000 Shares being issued by our Company to Profit East. See "Reorganization – Acquisition of Shing Cheong and Issue of Shares to Profit East" in this section below for details. As a result, Shing Cheong became a wholly-owned subsidiary of our Company. Shing Cheong is an investment holding company.

CDH and OCBC subscribed from Shing Cheong for 45,000,000 and 10,000,000 Series A Preferred Shares, respectively, at par value of US$0.0001 per share on February 1, 2008. Such 55,000,000 Series A Preferred Shares held by CDH and OCBC were cancelled in 2011 due to the restructuring of the CDH and OCBC Old Investments (as defined below) in 2011. See "Historical Investments by CDH and OCBC" in this section below for details.

On August 6, 2014, Shing Cheong and our Company agreed that Shing Cheong would capitalize and repay the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by our Company to Shing Cheong by issuing 100 additional shares to our Company, which will be completed on the same day of completion of the Global Offering. For further details, please refer to the subsection headed "Capitalization of Loan, Capitalization Issue and Global Offering" below.

China Vast International Holdings Limited

China Vast International was incorporated as a limited liability company in the BVI on November 8, 2011 with an authorized share capital of US$50,000 divided into 50,000 ordinary shares of par value of US$1.00. Upon its incorporation, one ordinary share was issued to Ms. Zhao Ying at par value of US$1.00 each. On June 25, 2013, Ms. Zhao Ying transferred all the issued share capital in China Vast International to Shing Cheong with nil consideration. On February 12, 2014, 9,999 shares were allotted and issued, credited as fully paid, to Shing Cheong at par value of US$1.00 each. As a result, 10,000 shares of China Vast International were issued to Shing Cheong at par of US$1.00 as of February 12, 2014. China Vast International is an investment holding company and a wholly-owned subsidiary of Shing Cheong.

On August 6, 2014, China Vast International and Shing Cheong agreed that China Vast International would capitalize and repay the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by Shing Cheong to China Vast International by issuing 100 additional shares to Shing Cheong, which will be completed on the same day of completion of the Global Offering. For further details, please refer to the subsection headed "– Capitalization of Loan, Capitalization Issue and Global Offering" below.

Sheng Shi International (HK) Development Limited

Sheng Shi International was incorporated as a limited liability company under the laws of Hong Kong on January 16, 2006 with an authorized share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1.00 each. Upon its incorporation, 10,000 shares were allotted and issued to Mr. Wang at par of HK$1.00 each.

On May 10, 2007, in order to facilitate the establishment of offshore structure to raise funds abroad, Mr. Wang transferred the entire issued share capital in Sheng Shi International at a consideration of HK$10,000 to Mr. Sun Xiaobing (孫曉冰), who is an Independent Third Party and also a long-time acquaintance of Mr. Wang. On May 22, 2007, Mr. Sun Xiaobing transferred the entire issued share capital in Sheng Shi International for a consideration of HK$10,000 to Shing Cheong, a company then wholly-owned by Profit East, whose entire issued share capital was held by Mr. Sun Xiaobing at that time and later transferred to Ms. Zhao Ying on 31 January 2008. On August 24, 2007, as a condition precedent to CDH providing the 2007 CDH Loan (as defined below), Shing Cheong transferred all the issued share capital in Sheng Shi International to CDH with a nominal price of HK$10,000. On 1 February 2008, Sheng Shi International was transferred to Shing Cheong at a consideration of HK$10,000, which was determined based on the then issued share capital of Sheng Shi International, and as a result Ms. Zhao became the beneficial owner of Sheng Shi International through Profit East and Shing Cheong. See "– Historical Investments by CDH and OCBC" in this section below for details.

On June 25, 2013, Shing Cheong transferred all the issued share capital in Sheng Shi International to China Vast International with nil consideration. As a result, Sheng Shi International became a wholly-owned subsidiary of China Vast International. Sheng Shi International is an investment holding company and a wholly-owned subsidiary of China Vast International.

King Billion Corporation Limited

King Billion was incorporated as a limited liability company under the laws of Hong Kong on April 19, 2007 with an authorized share capital of HK$10,000 divided into 10,000 ordinary shares of par value of HK$1.00. Upon its incorporation, one share was allotted and issued to GSL07 Limited, as initial subscriber, at a par value of HK$1.00 each.

On May 10, 2007, GSL07 Limited, as initial subscriber, transferred all the issued share capital in King Billion to Mr. Sun Xiaobing at a nominal consideration of HK$1.00. On the same day, 9,999 ordinary shares were allotted and issued, credited as fully paid, to Mr. Sun Xiaobing at par value of HK$1.00 each. On May 22, 2007, Mr. Sun Xiaobing transferred all the issued share capital in King Billion for a consideration of HK$10,000 to Shing Cheong, a company then wholly-owned by Profit East, whose entire issued share capital was held by Mr. Sun Xiaobing at that time and later transferred to Ms. Zhao Ying on 31 January 2008.

To secure the interests of CDH and OCBC under the CDH Facility and OCBC Facility, Shing Cheong pledged in favor of CDH and OCBC its 8,693 ordinary shares and 1,307 ordinary shares, respectively, in King Billion on October 26, 2011. The CDH share pledge was released in 2013 and the OCBC share pledge was released in 2014. For details, please refer to "– Investments by CDH and OCBC" in this section.

On June 25, 2013, Shing Cheong transferred all the issued share capital in King Billion to China Vast International with nil consideration. As a result, King Billion became a wholly-owned subsidiary of China Vast International. On August 6, 2014, King Billion increased its authorized share capital from HK$10,000 divided into 10,000 shares of HK$1.00 each to HK$20,000 divided into 20,000 shares of HK$1.00 each by creation of 10,000 shares of HK$1.00 each, which rank pari passu in all respects with the existing shares of King Billion. King Billion is an investment holding company and a wholly-owned subsidiary of China Vast International.

On August 6, 2014, King Billion and China Vast International agreed that King Billion would capitalize and repay the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by China Vast International to King Billion by issuing 100 additional shares to China Vast International, which will be completed on the same day of completion of the Global Offering. For further details, please refer to the subsection headed "– Capitalization of Loan, Capitalization Issue and Global Offering" below.

HISTORICAL INVESTMENTS BY CDH AND OCBC

With an understanding of our property development business and the growth potential of our Group under Mr. Wang's leadership, CDH approached Mr. Wang and expressed an interest in investing in our business through an offshore investment holding company in 2007. In order to facilitate the investment, Mr. Sun Xiaobing, who is an Independent Third Party and also a long-time acquaintance of Mr. Wang, agreed to assist with the investment structure establishment. As a result, on May 10, 2007, Mr. Wang transferred to Mr. Sun Xiaobing the entire issued share capital in Sheng Shi International, which subsequently established Langfang Vast Zhanyao and Tangshan Zhanyao in June 2007.

In August 2007, CDH provided a loan of US$21.5 million to Sheng Shi International with an agreed return of 25% per annum for three years commencing from September 11, 2007 (the "**2007 CDH Loan**"). In consideration of CDH providing the 2007 CDH Loan, (a) Shing Cheong transferred to CDH all of its 10,000 ordinary shares in Sheng Shi International with nominal price of HK$10,000, and (b) among other securities provided for the purpose of the 2007 CDH Loan, Langfang Vast Industrial Group, a PRC company ultimately controlled by Mr. Wang at that time, extended an interest-free loan of RMB50 million to Tangshan Zhanyao, a wholly-owned PRC subsidiary of Sheng Shi International. With a view to obtaining further investments from CDH and OCBC so as to expand its business, Sheng Shi International, through Tangshan Zhanyao, acquired (i) the entire equity interests in Langfang Vast Industrial Group Co., Ltd.* (廊坊宏泰實業集團有限公司) from Mr. Wang and Mr. Zhao Shuping; (ii) the entire equity interests in Langfang City Property in November 2007 from Langfang Vast Industrial Group Co., Ltd.* and Mr. Zhao Shuping, respectively, and (iii) the entire equity interests in Langfang Xintiandi Property Development Co., Ltd.* (廊坊市新天地房地產開發有限公司) from Mr. Wang, in the total consideration of approximately RMB108,380,500. For further details, please refer to "– Major Acquisitions, Disposals and Mergers of Our PRC Subsidiaries" in this section above.

Ms. Zhao Ying, the spouse of Mr. Wang, obtained passport from Saint Christopher (St. Kitts) and Nevis in January 2008. On January 31, 2008, Ms. Zhao acquired the entire issued share capital of Shing

Cheong by acquiring Profit East from Mr. Sun Xiaobing with a consideration of US$10 determined based on the value of the nominal share capital of Profit East. On February 1, 2008, Ms. Zhao acquired Langfang City Property through the acquisition by Shing Cheong of Sheng Shi International from CDH at a nominal consideration of HK$10,000.

On February 1, 2008, CDH and OCBC subscribed from Shing Cheong for 45,000,000 Series A Preferred Shares (the "**CDH Preferred Shares**") and 10,000,000 Series A Preferred Shares (the "**OCBC Preferred Shares**"), respectively, at a total consideration of US$55.0 million. To secure the investments made by CDH for the CDH Preferred Shares and 2007 CDH Loan and OCBC for the OCBC Preferred Shares as well as to adjust the security package for the 2007 CDH Loan (collectively "**CDH and OCBC Old Investments**"), all of the issued shares in Shing Cheong were pledged in favour of CDH and OCBC in proportion to their respective investment amounts on February 1, 2008 (collectively the "**2008 Share Mortgages**"). In view of the 2008 Share Mortgages and the other security provided to CDH, CDH decided it was not necessary for CDH to continue holding shares in Sheng Shi International and therefore, on the same day, CDH transferred the 10,000 ordinary shares it held in Sheng Shi International to Shing Cheong which was then beneficially owned by Ms. Zhao Ying, with nominal price of HK$10,000.

In July 2011, CDH, OCBC, Shing Cheong and Sheng Shi International undertook an restructuring of the CDH and OCBC Old Investments, pursuant to which, the CDH and OCBC Old Investments were terminated and replaced in their entirety by (i) new facility in the amount of US$91,108,700 at an interest rate of 10% per annum compounded on a yearly basis (the "**CDH Facility**"), (ii) an OCBC new facility in the amount of US$13,951,600 at an interest rate of 10% per annum compounded on a yearly basis (the "**OCBC Facility**"), (iii) a warrant granted to CDH to subscribe for ordinary shares in the share capital of Shing Cheong up to a maximum amount of shares with an aggregate value not exceeding US$40,909,090.91 (the "**2011 CDH Warrant**") at any time within five years from the issue date, and (iv) a warrant granted to OCBC to subscribe for ordinary shares in the share capital of Shing Cheong up to a maximum amount of shares with an aggregate value not exceeding US$9,090,909.09 (the "**2011 OCBC Warrant**", together with (i), (ii) and (iii) above, the "**CDH and OCBC New Investments**").

The CDH and OCBC New Investments were secured by (a) the 2008 Share Mortgages, as amended and revised in favor of CDH and OCBC in respect of the CDH and OCBC New Investments, (b) a mortgage over the shares by Shing Cheong in favor of CDH in respect of its 8,693 ordinary shares in King Billion, (c) a mortgage over the shares by Ms. Zhao in favor of CDH in respect of her nine ordinary shares in Profit East, (d) a mortgage over the shares by Shing Cheong in favor of CDH in respect of its 8,693 ordinary shares in Sheng Shi International, (e) a mortgage over the shares by Shing Cheong in favor of OCBC in respect of its 1,307 ordinary shares in King Billion, (f) a mortgage over the shares by Ms. Zhao in favor of OCBC in respect of her one ordinary shares in Profit East, (g) a mortgage over the shares by Shing Cheong in favor of OCBC in respect of its 1,307 ordinary shares in Sheng Shi International, and (h) a guarantee provided by, amongst others, Profit East, Sheng Shi International, King Billion, Mr. Wang, Ms. Zhao and Ms. Wang Wei in favor of CDH and OCBC. Ms. Wang Wei is the daughter of Mr. Wang and Ms. Zhao.

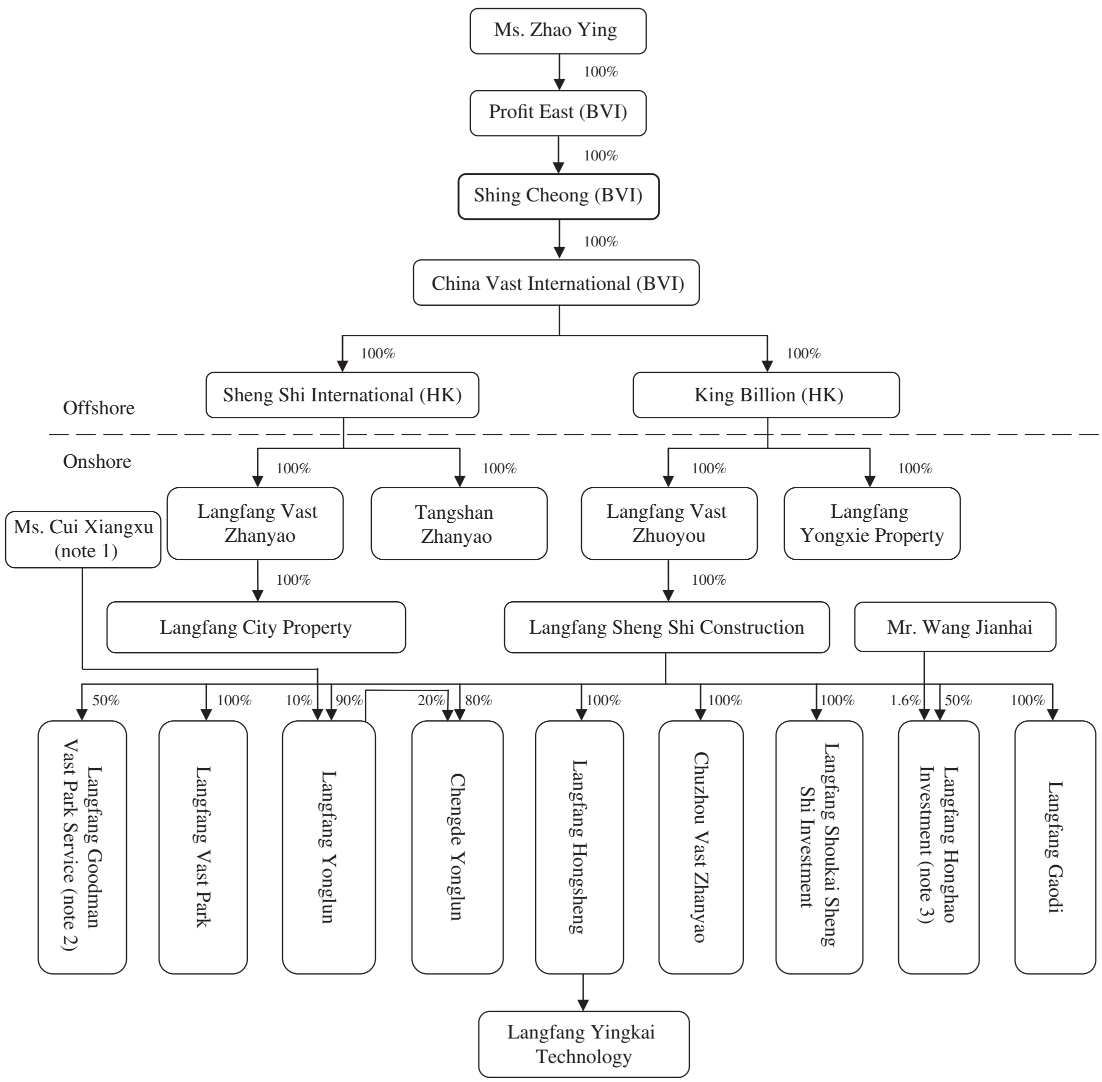
In consideration of the investment restructuring arrangement in 2011, the obligation and liabilities of our Group under the CDH and OCBC Old Investments were fully discharged in 2011.

Since we had repaid all of the CDH Facility and OCBC Facility by June 2013, the 2011 CDH Warrant and the 2011 OCBC Warrant were terminated in June 2013 and all the relevant shares mortgages and guarantee were discharged and released by CDH and OCBC (as the case may be) in February 2014.

We have fully repaid the outstanding amount owing to CDH and OCBC and are no longer subject to any obligations and liabilities under the loans, mortgages, guarantees and any other arrangement with CDH and OCBC in relation to their respective investments in our Group. CDH and OCBC then have no interest in our Group.

REORGANIZATION

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



Notes:

(1) The 10.0% equity interest in Langfang Yonglun was held by Ms. Cui Xiangxu (崔向旭), our employee, as a trustee for and on behalf of Langfang Sheng Shi Construction. According to a trust agreement (the "**Langfang Yonglun Trust Agreement**") entered into between Ms. Cui Xiangxu and Langfang Sheng Shi Construction on June 15, 2009, Ms. Cui Xiangxu held the then registered capital, namely RMB1.0 million, in Langfang Yonglun as trustee for and on behalf of Langfang Sheng Shi Construction with a term effective as of the date thereof and expire upon demand by Langfang Sheng Shi Construction. Under the Langfang Yonglun Trust Agreement, all the rights and obligations attaching to the entrusted equity interest in Langfang Yonglun were retained by Langfang Sheng Shi Construction. Given Ms. Cui's involvement in the

business negotiations and in order to expedite the decision making process, it was considered more efficient to engage Ms. Cui, in her capacity as the shareholder of Langfang Yonglun at that time. The LangfangYonglun Trust Agreement was terminated on February 20, 2014 with a view to streamlining our corporate structure. As advised by our PRC legal advisor, Jingtian & Gongcheng, the Langfang Yonglun Trust Agreement is legally valid under the relevant PRC laws and regulations.

(2) The remaining 50.0% equity interest in Langfang Goodman Vast Park Service was held by Goodman China Limited, an Independent Third Party.

(3) The 1.6% equity interest in Langfang Honghao Investment was held by Mr. Wang Jianhai (王建海) as a trustee for and on behalf of Langfang Sheng Shi Construction. Mr. Wang Jianhai is the brother of Mr. Wang. According to a trust agreement (the "**Langfang Honghao Investment Trust Agreement**") entered into between Mr. Wang Jianhai and Langfang Sheng Shi Construction on June 19, 2008, Mr. Wang Jianhai held the then registered capital, namely RMB10.0 million, in Langfang Honghao Investment as trustee for and on behalf of Langfang Sheng Shi Construction with a term effective as of the date thereof and expire upon demand by Langfang Sheng Shi Construction. Under the Langfang Honghao Investment Trust Agreement, all the rights and obligations attaching to the entrusted equity interest in Langfang Honghao Investment were retained by Langfang Sheng Shi Construction. Given Mr. Wang Jianhai's personal resources in the real estate industry, it was considered more efficient to engage Mr. Wang Jianhai, in his capacity as the shareholder of Langfang Honghao Investment at that time to expedite the business negotiations and decision making process. On February 20, 2014, the 1.6% equity interest in Langfang Honghao Investment was transferred to Langfang City Property with a view to streamlining our corporate structure. As advised by our PRC legal advisor, Jingtian & Gongcheng, the Langfang Honghao Investment Trust Agreement is legally valid under the relevant PRC laws and regulations. The remaining 48.4% equity interest in Langfang Honghao Investment were held by Baoding Hengcheng Fund and Baoding Hengshi Fund, in equal portion, (i.e. 24.2% each), to secure their respective investments in Langfang Honghao Investment in April 2013. Baoding Hengcheng Fund and Baoding Hengshi Fund are Independent Third Parties. Pursuant to (i) the investment framework agreement among Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Hengcheng Fund and Baoding Hengshi Fund, (ii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengcheng Fund, and (iii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengshi Fund, Langfang Sheng Shi Construction must, within 24 months or 36 months from the investment date thereunder, acquire the 48.4% equity interest in Langfang Honghao Investment from Baoding Hengcheng Fund and Baoding Hengshi Fund upon receipt by Baoding Hengcheng Fund or Baoding Hengshi Fund of their respective investments amount with premium. According to the confirmation letter signed by Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.*, Baoding Hengcheng Fund and Baoding Hengshi Fund do not entitle to share profit and bear loss of Langfang Honghao Investment but receive a fixed return of the investments.

In preparation for the Global Offering, we carried out a series of restructuring steps for the purpose of establishing and streamlining our corporate structure for the Listing and to facilitate our growth and expansion strategy. The principal steps involved in the reorganization (the "**Reorganization**") are summarized as below.

Incorporation of our Company

On February 13, 2014, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each. One Share was allotted and issued to Sharon Pierson, the initial subscriber and an Independent Third Party, and then transferred to Profit East on February 13, 2014. On the same day, our Company allotted and issued an additional 9,999 Shares, credited as fully paid, to Profit East at par value. Our Company is an investment holding company.

Acquisition of Shing Cheong and Issue of Shares to Profit East

On February 21, 2014, our Company acquired all the issued share capital in Shing Cheong from Profit East, in consideration of which our Company allotted and issued 10,000 Shares, credited as fully paid, to Profit East, as Controlling Shareholder wholly-owned by Ms. Zhao. The consideration was determined based on the value of the nominal share capital of Shing Cheong at the time of the acquisition. As a result of the acquisition, Shing Cheong became a wholly-owned subsidiary of our Company and Profit East became our Controlling Shareholder.

INVESTMENT BY OUR PRE-IPO INVESTOR

Our Controlling Shareholders introduced Chance Talent as a pre-IPO investor for our Group in February 2014 through issue of the Exchangeable Bonds. Chance Talent enjoyed certain special rights as set out in the table below, all of which will be terminated upon the Listing. A summary of the key particulars of the investment by Chance Talent are set out below:

Background of investor:	Chance Talent is a company incorporated in the BVI and is a wholly-owned subsidiary of CCBI Investments. CCBI Investments is an investment company incorporated in the Cayman Islands. The ultimate beneficial owner of CCBI Investments is China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939). Prior to making an investment into our Group, Chance Talent and its beneficial owner were Independent Third Parties.
Nature of the investment:	Profit East issued US$40,000,000, 8% secured exchangeable bonds due 2017 to Chance Talent. The Exchangeable Bonds are exchangeable into Shares owned and to be delivered by Profit East to Chance Talent upon exchange of the Exchangeable Bonds.
Date of the subscription agreement:	February 24, 2014
Parties to the subscription agreement:	Profit East as issuer of the Exchangeable Bonds, Chance Talent as investor, Mr. Wang and Ms. Zhao as guarantors for Profit East.
Consideration:	US$40,000,000
Payment date:	February 26, 2014
Basis of determination of consideration:	Arm's length negotiations between Profit East, Mr. Wang Jianjun, Ms. Zhao Ying and Chance Talent, who were parties to the relevant agreement, and determined by reference to the valuation and the growth potential of our business as assessed by the parties.

Mandatory exchange:	Not later than three business days before any expected completion of the Listing, Chance Talent shall deliver to Profit East an exchange notice. Such exchange shall be deemed to take place immediately prior to the completion of the Global Offering.
Number of Shares exchangeable upon exchange of the Exchangeable Bonds:	To be determined in accordance with the following formula:

$$A \text{ x } (1+B)/C$$

Where:

A = the outstanding principal amount of the Exchangeable Bonds

B = a fixed investment return on the outstanding principal amount of such Exchangeable Bonds to be so exchanged. The investment return figure will vary depending on when the Listing is to take place. Such investment return is (i) 25% if the Listing occurs within 12 months from the Issue Date; (ii) 42.86% if the Listing occurs within 13 to 24 months from the Issue Date; and (iii) 66.7% if the Listing occurs within 25 to 36 months from the Issue Date.

C = Offer Price

The final number of Shares exchanged and transferred from Profit East to Chance Talent will be disclosed in the allotment results announcements to be issued by the Company on August 22, 2014

Exchange after default:	If (a) Profit East defaults in making payment in full in respect of any Exchangeable Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Exchangeable Bond has become due and payable prior to February 26, 2017 by reason of the occurrence of any of the Fundamental Events of Default or the Non-Fundamental Events of Default, or (c) any Exchangeable Bond is not redeemed by Profit East on February 26, 2017 in accordance with the terms of the Exchangeable Bonds, the exchange right attaching to such Exchangeable Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the certificate evidencing such Exchangeable Bond is deposited for exchange) on the date upon which the full amount of the monies payable in respect of such Exchangeable Bond has been duly received by the holders of such Exchangeable Bond.

Investment cost per Share:	Assuming the Listing will take place within 12 months from the Issue Date, HK$2.20 based on the lower end of the stated Offer Price range of HK$2.75 per Share, and HK$3.00 based on the upper end of the stated Offer Price range of HK$3.75 per Share, representing a discount of 20% in both cases.
Use of proceeds:	(i) an amount not exceeding US$35,000,000 shall be applied towards the repayment by King Billion and Sheng Shi International of certain offshore loans; (ii) the remaining proceeds shall be applied as working capital for general corporate business activities of our Group. Profit East received the proceeds from Chance Talent on February 26, 2014 and then injected all of the proceeds (deducting costs and expenses) into our Group by means of a shareholder's loan. As at the Latest Practicable Date, the proceeds have been applied and utilized in line with the above manner.
Shareholding in our Company upon Listing:	6.46%–8.81%, assuming the Listing will take place within 12 months from the Issue Date and the Over-allotment Option is not exercised.
Strategic benefits to our Group:	Strengthening of our capital and shareholder base, enhancement of corporate governance practices.
Special rights:	(1) Investor director: as long as Chance Talent holds any Exchangeable Bond which remains outstanding, Chance Talent shall be entitled to nominate a director to Profit East who shall have right to attend all the meetings of the board of directors of each member of our Group and receive all board meeting notices and papers that the directors of the board of each member of our Group would be entitled to receive.
	(2) Negative undertaking: as long as Chance Talent holds any Exchangeable Bond which remains outstanding, neither Profit East nor any member of our Group shall undertake any material acquisition, disposal, transfer, or encumber any of its material assets or the whole or a material part of its undertaking (other than in the ordinary course of business of such company), without the prior written approval of Chance Talent.

(3) Information rights: Chance Talent shall be entitled to, among others, receive unaudited accounts monthly and quarterly and annual audited balance sheet, income statements and cash flow statements of Profit East and our Group (the "**Information Rights**)".

(4) Reserved matter on Langfang City Property: there shall be no repayment, prepayment, reduction of liability or any other action or transaction with a similar effect, by Langfang City Property of any portion of the outstanding intragroup debt, loan or intercompany balances owed by Langfang City Property to King Billion (or any subsidiary of King Billion) in the aggregate principal amount of approximately RMB1 billion as at February 24, 2014 without the prior written consent of Chance Talent.

(5) Undertakings relating to security: (a) if the application of our Company for the Listing has not been submitted to the Hong Kong Stock Exchange (accompanied by a formal acknowledgement in writing from the Hong Kong Stock Exchange confirming its receipt of the relevant listing application form and the listing fees) on or before May 26, 2014 or (b) (in the event paragraph (a) does not apply) if the Listing is not duly completed on or before October 31, 2014, Profit East, Mr. Wang Jianjun and Ms. Zhao Ying shall procure Sheng Shi International to (i) within one business day from the applicable deadline date, deliver or arrange to be delivered to Chance Talent (or any person nominated by Chance Talent) the share charges executed by Sheng Shi International relating to charge of Sheng Shi International's equity interest in Langfang Vast Zhanyao and Tangshan Zhanyao and any ancillary documents thereto, and (ii) within three months from the applicable deadline date, complete each of the relevant perfection and registration requirements as set out in the Langfang Vast Zhanyao share charge and the Tangshan Zhanyao share charge in accordance with the respective terms of the Langfang Vast Zhanyao share charge and the Tangshan Zhanyao share charge.

(6) Most favored terms: Without the prior written consent of Chance Talent, each of Profit East, Mr. Wang Jianjun and Ms. Zhao Ying shall not, and shall procure that no member of our Group and no affiliate of, and no entity controlled by, Mr. Wang Jianjun and Ms. Zhao Ying which from time to time becomes a shareholder of or otherwise acquires an interest in any member of our Group (each a "**Guarantor Affiliate**"), shall enter into any transaction which involves a bona fide third party providing financing to Profit East, any member of our Group and/or any Guarantor Affiliate through debt, equity and/or any other type of securities which are convertible or exchangeable into shares in Profit East or any member of our Group: (a) at terms which, at the determination of Chance Talent, are more favourable than the terms or conditions of the subscription agreement, the Exchangeable Bonds or any documents referred to in the subscription agreement or the Exchangeable Bonds; or (b) which will result in the pro-rata portion of Chance Talent's entitlement to the security ceasing at that time to have such a market value, as determined in writing by Savills or any other valuer mutually agreed between Chance Talent and Profit East, which is at least five times of the then outstanding principal amount of Exchangeable Bonds. All the above-mentioned special rights enjoyed by Chance Talent will be terminated upon the Listing.

Lock-up: The terms of the relevant agreement did not impose any lock up obligations over the Shares held by Chance Talent upon the Listing. Chance Talent separately undertakes that all Shares held by it will be locked up for six months from the Listing Date. For details, see the section headed "Underwriting – Other Undertakings."

Public float: Upon the Listing, the shareholding of Chance Talent in our Company will be less than 10%, in such case the Shares held by Chance Talent would be counted towards part of the public float.

OTHER PRINCIPAL TERMS OF THE EXCHANGEABLE BONDS

Other principal terms of the Exchangeable Bonds are set out below:

Status:	The Exchangeable Bonds constitute direct, unsubordinated, unconditional and secured obligations of Profit East and shall, at all times rank pari passu and ratably without any preference or priority among themselves.
Guarantee:	The performance obligations of Profit East under the Exchangeable Bonds is guaranteed by Mr. Wang Jianjun and Ms. Zhao Ying.
Share pledges:	(i) 25% of the total issued share capital of Profit East is pledged by Ms. Zhao Ying to secure the performance obligations of Profit East under the Exchangeable Bonds; (ii) 25% of the total issued share capital of our Company is pledged by Profit East to secure the performance obligations of Profit East under the Exchangeable Bonds; (iii) 25% of the total issued share capital of Shing Cheong is pledged by our Company to secure the performance obligations of Profit East under the Exchangeable Bonds; (iv) 25% of the total issued share capital of China Vast International is pledged by Shing Cheong to secure the performance obligations of Profit East under the Exchangeable Bonds; and (v) All of the shares held by China Vast International in Sheng Shi International are pledged by China Vast International to secure the performance obligations of Profit East under the Exchangeable Bonds.
Maturity date:	February 26, 2017
Interest rate:	8% per annum
Payment of interest:	Semi-annually on February 26 and August 26 each year during the term of the Exchangeable Bonds
Rights:	The Exchangeable Bonds do not enjoy any voting or other shareholder rights in respect of the Shares prior to the exchange into Shares
Transferability:	The Exchangeable Bonds are transferable

Financial covenants:

(1) any payments receivable by Profit East and our Group in the ordinary course of its business from its related parties shall not exceed the amount payable by Profit East and our Group to such related party in any Relevant Period (as defined below);

(2) the total assets (as set out in Profit East's and our Group's unaudited combined quarterly financial statements) of Profit East and our Group net of prepayments received from purchasers of Profit East's and our Group's properties which have been pre-sold shall not exceed RMB7,000,000,000, except that such figure will not apply where the ratio of total assets to net assets (each as set out in Profit East's and our Group's unaudited combined quarterly financial statements) at the end of each Relevant Period is less than 5:1;

(3) the ratio of current assets of Profit East and our Group to current liabilities of Profit East and our Group (each as set out in the Profit East's and Group's unaudited combined quarterly financial statements) at the end of each Relevant Period shall not be less than 1;

(4) the net assets of Profit East and our Group (as set out in Profit East's and our Group's unaudited combined quarterly financial statements) at the end of each Relevant Period shall not be less than RMB800,000,000;

(5) the ratio of combined total net debt of Profit East and our Group to combined tangible net worth Profit East and our Group at the end of each Relevant Period shall not exceed 8.5:1;

(6) Profit East shall deliver to holders of the Exchangeable Bonds a copy of the relevant unaudited quarterly financial statements within 30 business days of the end of the Relevant Period; and

(7) as soon as possible and in any event within 30 business days after Profit East becomes aware of the occurrence of non-compliance with any of the covenants set out in paragraphs (1) to (5) above or any Non-Fundamental Event of Default (as defined below) or Fundamental Event of Default (as defined below) or potential Non-Fundamental Event of Default or potential Fundamental Event of Default, a certificate signed by a director setting forth the details of the non-compliance or the Event of Default, and the action which Profit East proposes to take with respect thereto. "**Relevant Period**" means (i) each period of 3 months ending on the last day of Profit East's and our Group's financial year, (ii) each period of 3 months ending on the last day of Profit East's and our Group's first financial quarter, (iii) each period of 3 months ending on the last day of the first half of Profit East's and our Group's financial year, and (iv) each period of 3 months ending on the last day of Profit East's and our Group's third financial quarter.

Paragraphs (1) to (7) above are collectively referred to as "**Financial Covenants**".

Redemption upon maturity: Unless previously redeemed, purchased or cancelled as provided therein and except as otherwise provided therein, Profit East shall redeem the Exchangeable Bonds at an amount equivalent to the aggregate outstanding principal amount of the Exchangeable Bonds, plus interest accrued thereon and an amount that would yield an internal rate of return of 13% based on the outstanding principal amount of the Exchangeable Bonds calculated from February 26, 2014 to February 26, 2017.

Redemption as a result of a default: If a Fundamental Event of Default or a Default Non-Fundamental Event of Default occurs, Chance Talent may at any time thereafter issue a notice of default to Profit East requiring redemption of all or part of the un-exchanged outstanding Exchangeable Bonds. The redemption price payable by Profit East due to a Fundamental Event of Default shall be the aggregate principal amount of such relevant amount of the Exchangeable Bonds, plus interest accrued thereon and an amount that would yield an internal rate of return of 20% on the relevant amount of the Exchangeable Bonds calculated from February 26, 2014 until the outstanding amount of the redemption price is fully paid by Profit East. The redemption price payable by Profit East due to a Non-Fundamental Event of Default shall be the aggregate principal amount of such relevant amount of the Exchangeable Bonds, plus interest accrued thereon and an amount that would yield an internal rate of return of 13% on the relevant amount of the Exchangeable Bonds calculated from February 26, 2014 until the outstanding amount of the redemption price is fully paid by Profit East.

For the purpose of the Exchangeable Bonds, "**Fundamental Event of Default**" means any of the following events:

(a) Change of control: a change of control in Profit East or any member of our Group, without the prior written consent of Chance Talent; or

(b) Disposal of business or assets: any disposal, sale, assignment or transfer by any member of our Group of all or a substantial portion of its business or assets to a bona fide third party purchaser at arm's length terms, without the prior written consent of Chance Talent; or

(c) Change of business: a change of nature of the business of our Group, or merger or consolidation of any member of our Group with any other person outside of our Group, without the prior written consent of Chance Talent; or

(d) Non-payment: Profit East fails to pay any amount of principal in respect of the Exchangeable Bonds within 10 business days of the due date for payment thereof or fails to pay any amount of interest in respect of the Exchangeable Bonds within 5 business days of the due date for payment thereof; or

(e) Breach of covenants: Profit East defaults in the performance of any covenant as stated in the Financial Covenants and Information Rights; or

(f) Breach of other terms or obligations: Profit East defaults in the performance or observance of any other terms of the Exchangeable Bonds and the Subscription Agreement (other than the covenants as stated in the Financial Covenants and Information Rights) which are binding on it, or of its other obligations under or in respect of the Exchangeable Bonds and the Subscription Agreement (including in giving true and accurate warranties), or any obligor under the security documents defaults in the performance or observance of any terms of the security documents, and such default (i) is incapable of remedy or (ii) being a default which is, in the opinion of holds of Exchangeable Bonds, capable of remedy, remains unremedied for 14 days (or such longer period as holders of Exchangeable Bonds may agree) after holders of Exchangeable Bonds have given written notice thereof to Profit East; or

(g) Cross-default of Profit East or any member of our Group:

(i) any indebtedness of Profit East or any member of our Group is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of Profit East or (as the case may be) the relevant subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or

(iii) Profit East, any member of our Group, Mr. Wang Jianjun or Ms. Zhao Ying fails to pay when due any amount payable by it under any guarantee of any indebtedness; or

(h) Unsatisfied judgment: one or more judgment(s) or order(s) for the payment of any amount (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against Profit East, any member of our Group, Mr. Wang Jianjun or Ms. Zhao Ying continues unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(i) Security enforced: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenue of Profit East or any member of our Group or any part of the assets of Mr. Wang Jianjun or Ms. Zhao Ying; or

(j) Insolvency, etc.: (i) Profit East, any member of our Group, Mr. Wang Jianjun or Ms. Zhao Ying becomes insolvent or, as the case may be, bankrupt, or is unable to pay its or their debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of Profit East or any member of our Group or the whole or part of the undertaking, assets and revenue of Profit East or any member of our Group, (iii) Profit East, any member of our Group, Mr. Wang Jianjun or Ms. Zhao Ying takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) Profit East or any member of our Group ceases or threatens to cease to carry on all or any substantial part of its business; or

(k) Security: (i) at any time, any of the security is or becomes unlawful or is not, or ceases to be legal, valid, binding or enforceable or otherwise ceases to be effective; or (ii) at any time, the security agent ceases to have a first priority security interest in the security; or (iii) the value of the security ceases to have such a value which is five times of the principal amount of the then outstanding principal amount of Exchangeable Bonds and remains unremedied for 14 days (or such longer period as holders of Exchangeable Bonds may agree) after holders of Exchangeable Bonds have given written notice thereof to the Profit East, Mr. Wang Jianjun and Ms. Zhao Ying; or

(l) Winding up, etc.: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of Profit East or any of its subsidiaries; or

(m) Analogous event: any event occurs which under the laws of the British Virgin Islands, Hong Kong or the PRC has an analogous effect in relation to any of Profit East, any of its subsidiaries, Mr. Wang Jianjun or Ms. Zhao Ying to any of the events referred to in paragraphs (h) (Unsatisfied judgment) to (l) (Winding up, etc.) above; or

(n) Failure to take action, etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable Profit East lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Exchangeable Bonds, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Exchangeable Bonds and the security documents admissible in evidence in the courts of the British Virgin Islands, Hong Kong and the PRC is not taken, fulfilled or done; or

(o) Guarantee not in force: the Guarantee of the Bonds is not (or is claimed by either of the Guarantors not to be) in full force and effect.

For the purpose of the Exchangeable Bonds, "**Non-Fundamental Event of Default**" means any of the following events:

(a) Unlawfulness: it is or will become unlawful for Profit East, Mr. Wang Jianjun or Ms. Zhao Ying to perform or comply with any of its obligations under or in respect of the Exchangeable Bonds or the security documents; or

(b) Government intervention: (i) all or any substantial part of the undertaking, assets and revenue of Profit East or any of its subsidiaries or the assets of Mr. Wang Jianjun or Ms. Zhao Ying is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) Profit East or any of its subsidiaries or Mr. Wang Jianjun or Ms. Zhao Ying is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenue or Mr. Wang Jianjun or Ms. Zhao Ying is prevented by any such person from exercising normal control over all or any substantial part of its assets; or

(c) Death of Mr. Wang Jianjun or Ms. Zhao Ying: the death of Mr. Wang Jianjun or Ms. Zhao Ying.

Chance Talent has confirmed that, no event triggering the redemption rights under the Exchangeable Bonds had occurred as at the Latest Practicable Date and therefore no redemption has been or otherwise is expected to be made.

Joint Sponsors' Confirmation

The Joint Sponsors are not aware of any terms of the pre-IPO investment which are not in compliance with Guidance Letters HKEx-GL43-12 and HKEx-GL44-12 and they are of the view that the pre-IPO investment mentioned above is in compliance with the Interim Guidance on Pre-IPO Investments announced by the Listing Committee on October 13, 2010 (as amended) and Guidance Letters HKEx-GL43-12 and HKEx-GL44-12.

PRC GOVERNMENT APPROVALS

M&A Rules

On August 8, 2006, the Provisions 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**") was jointly promulgated by six ministries and commissions, including MOFCOM, CSRC and SAFE, implemented on September 8, 2006 and amended on June 22, 2009 by MOFCOM.

According to Article 2 of the M&A Rules, "**merger and acquisition of domestic enterprises by foreign investors**" referred to in the M&A Rules shall mean that a foreign investor purchases the equity interest of a shareholder in a domestic non-foreign-invested enterprise ("domestic company") or subscribes for increased capital of a domestic company so as to convert such domestic company into a foreign-invested enterprise ("merger and acquisition of equity interest"); or, a foreign investor establishes a foreign-invested enterprise, through which it purchases and operates the assets of a domestic enterprise by agreement, or, a foreign investor purchases the assets of a domestic enterprise by agreement and then invests such assets to establish a foreign-invested enterprise and operates the assets ("merger and acquisition of assets"). According to Article 11 of the M&A Rules, the merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or individual in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual shall be subject to examination and approval by MOFCOM. The parties involved shall not use domestic investment by foreign invested enterprises or other methods to circumvent the aforesaid requirements.

The four WFOEs in our Group, namely Tangshan Zhanyao, Langfang Vast Zhuoyou, Langfang Vast Zhanyao and Langfang Yongxie Property, were directly established by Sheng Shi International and King Billion respectively, both of which are companies incorporated in Hong Kong. As advised by our PRC legal advisor, Jingtian & Gongcheng, since the mere establishment of these four WFOEs did not involve any acquisition of equity interest in domestic non-foreign-invested enterprises by foreign investors or any acquisition of assets of domestic enterprises by foreign investors through foreign-invested enterprises as stipulated in Article 2 of the M&A Rules, the Foreign-invested Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》) and the Company Law of the People's Republic of China (《中華人民共和國公司法》) shall be applicable in this regard instead of the M&A Rules.

Our PRC legal advisor has further advised that, the acquisition of 100% equity interest in Langfang City Property by Tangshan Zhanyao constituted an acquisition of a domestic company in China by a foreign-invested enterprise, which was subject to the Interim Provisions on Domestic Investment by Foreign-invested Enterprises (《關於外商投資企業境內投資的暫行規定》) (hereinafter referred to as the "**Re-investment Provisions**") under Article 52 of the M&A Rules. At the time of such acquisition, as the ultimate controlling shareholder of Tangshan Zhanyao was CDH, a company incorporated under the BVI laws, which was not subject to Article 11 of the M&A Rules, Article 11 of the M&A Rules did not apply to such acquisition. Similarly, the acquisition of 100% equity interest in Langfang Sheng Shi Construction by Langfang Vast Zhuoyou constituted an acquisition of a domestic company in China by a foreign-invested enterprise, which was subject to the Re-investment Provisions under Article 52 of the M&A Rules. At the time of such acquisition, as the ultimate controlling shareholder of Langfang Vast Zhuoyou was a foreign natural person, Ms. Zhao Ying, who is a passport holder of Federation of Saint Kitts and Nevis, which was not subject to Article 11 of the M&A Rules, Article 11 of the M&A Rules similarly did not apply to such acquisition.

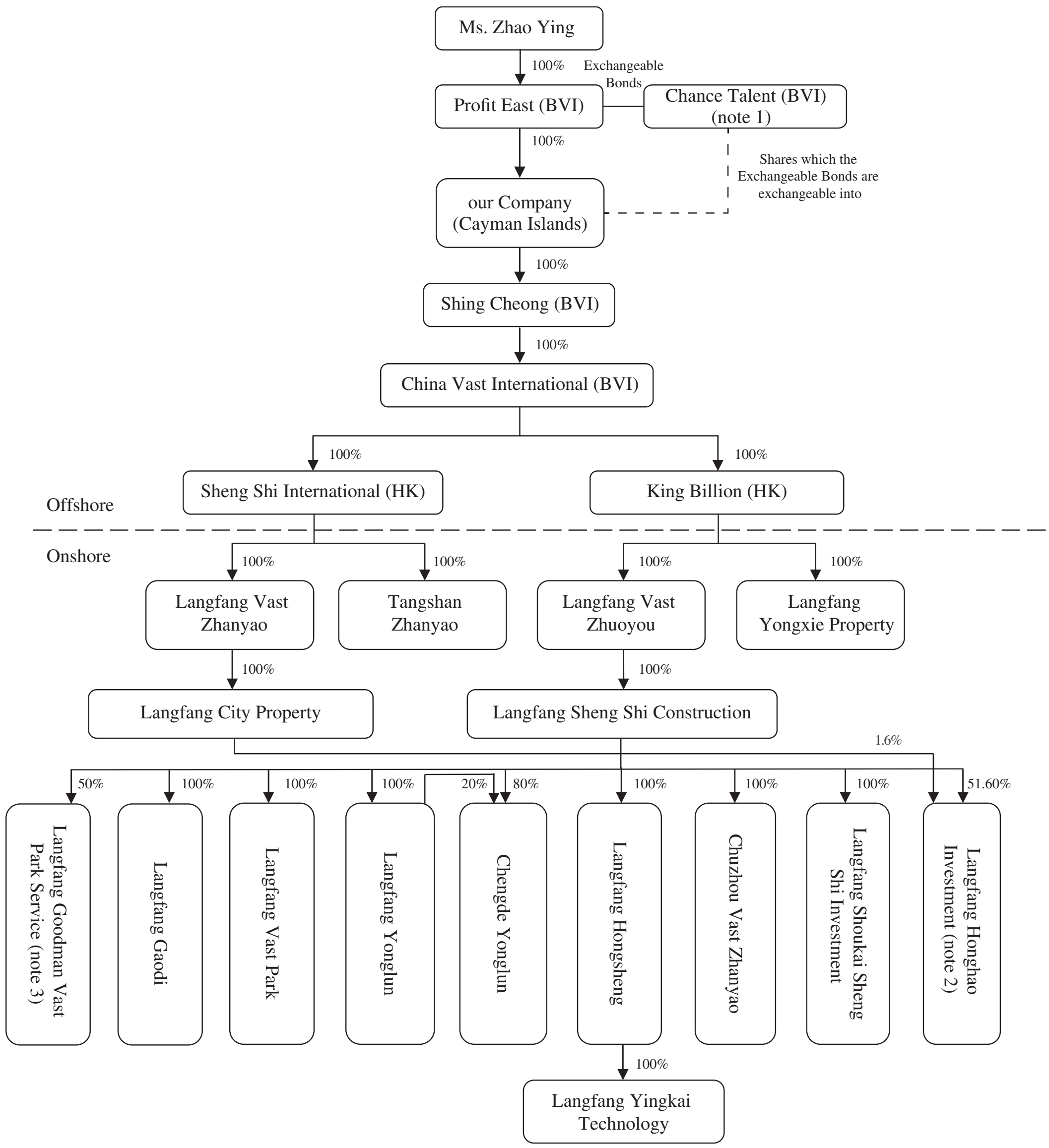
Since our ultimate shareholder, Ms. Zhao Ying, who has obtained a passport of Federation of Saint Kitts and Nevis, is not considered as a PRC "domestic individual" under the M&A Rules, our PRC legal advisor, Jingtian & Gongcheng, has advised us that the M&A Rules are not applicable to the Listing and we do not require approval from CSRC for the Listing. We have complied with applicable PRC laws and regulations and have obtained necessary approvals from and/or registrations with PRC government authorities for the onshore reorganization for the purpose of the Listing.

SAFE Registration

On October 21, 2005, the SAFE promulgated the Notice on Relevant Issues Relating to the Administration of Foreign Exchange of Financing and Return Investment Activities by Domestic Residents Conducted via Offshore 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》) (the "**Circular 75**"), according to which, a PRC resident who establishes or takes control of a special purpose company abroad to effect foreign exchange registration with local foreign exchange bureau. While injecting assets or equity interests that a domestic resident owns in a domestic enterprise into a special purpose company abroad (the "**SPV**"), or carrying out offshore equity financing after injecting such assets or equities into such SPV, a domestic resident shall amend the registration of offshore investment related foreign exchange to reflect the net assets or equity interests that he/she holds in the SPV. Circular 75 has been repealed by the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**") on July 14, 2014. Pursuant to the Circular 37, which was promulgated by the SAFE and became effective on July 14, 2014, a PRC citizen residing in the PRC (a "**PRC Resident**") must register with the local branch of SAFE before he contributes assets or equity interests in an overseas special purpose vehicle, which is directly established or controlled by the PRC Resident for the purpose of overseas investment or financing.

Based on the interview results with the SAFE Hebei Bureau, since Ms. Zhao Ying has obtained passport from Saint Christopher (St. Kitts) and Nevis when she indirectly acquired the domestic assets of our Company, Ms. Zhao is not considered as a PRC "domestic resident" for the purposes of the Circular 75. In addition, since Ms. Zhao Ying has obtained passport from Saint Christopher (St. Kitts) and Nevis when she indirectly acquired the domestic assets of our Company, Ms. Zhao is not considered as a PRC Resident for the purposes of the Circular 37. According to the applicable PRC laws, regulations and the interview results with the SAFE Hebei Bureau, our PRC legal advisor, Jingtian & Gongcheng, is of the opinion that Ms. Zhao is not required to make any SAFE registration according to the Circular 75 or the Circular 37.

Immediately after completion of the Reorganization and the pre-IPO investment, the corporate and shareholding structure of our Group is as follows:



Notes:

(1) Pursuant to a subscription agreement dated February 24, 2014, Chance Talent has subscribed for the Exchangeable Bonds issued by Profit East on February 26, 2014. Conditional upon the completion of the Global Offering, all of the then outstanding Exchangeable Bonds will be exchanged into Shares to be transferred from Profit East to Chance Talent immediately prior to the Listing. For further details, please refer to "– Investment by our Pre-IPO Investor."

(2) The remaining 48.4% equity interest in Langfang Honghao Investment were held by Baoding Hengcheng Fund and Baoding Hengshi Fund to secure their respective investments in Langfang Honghao Investment, in April 2013, in equal portion, (i.e. 24.2% each), who are Independent Third Parties. Pursuant to (i) the investment framework agreement among Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Hengcheng Fund and Baoding Hengshi Fund, (ii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengcheng Fund, and (iii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengshi Fund, Langfang Sheng Shi Construction must, within 24 months or 36 months from the investment date thereunder, acquire the 48.4% equity interest in Langfang Honghao Investment from Baoding Hengcheng Fund and Baoding Hengshi Fund upon receipt by Baoding Hengcheng Fund or Baoding

Hengshi Fund of their respective investments amount with premium. According to the confirmation letter signed by Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.*, Baoding Hengcheng Fund and Baoding Hengshi Fund do not entitle to share profit and bear loss of Langfang Honghao Investment but receive a fixed return of the investments.

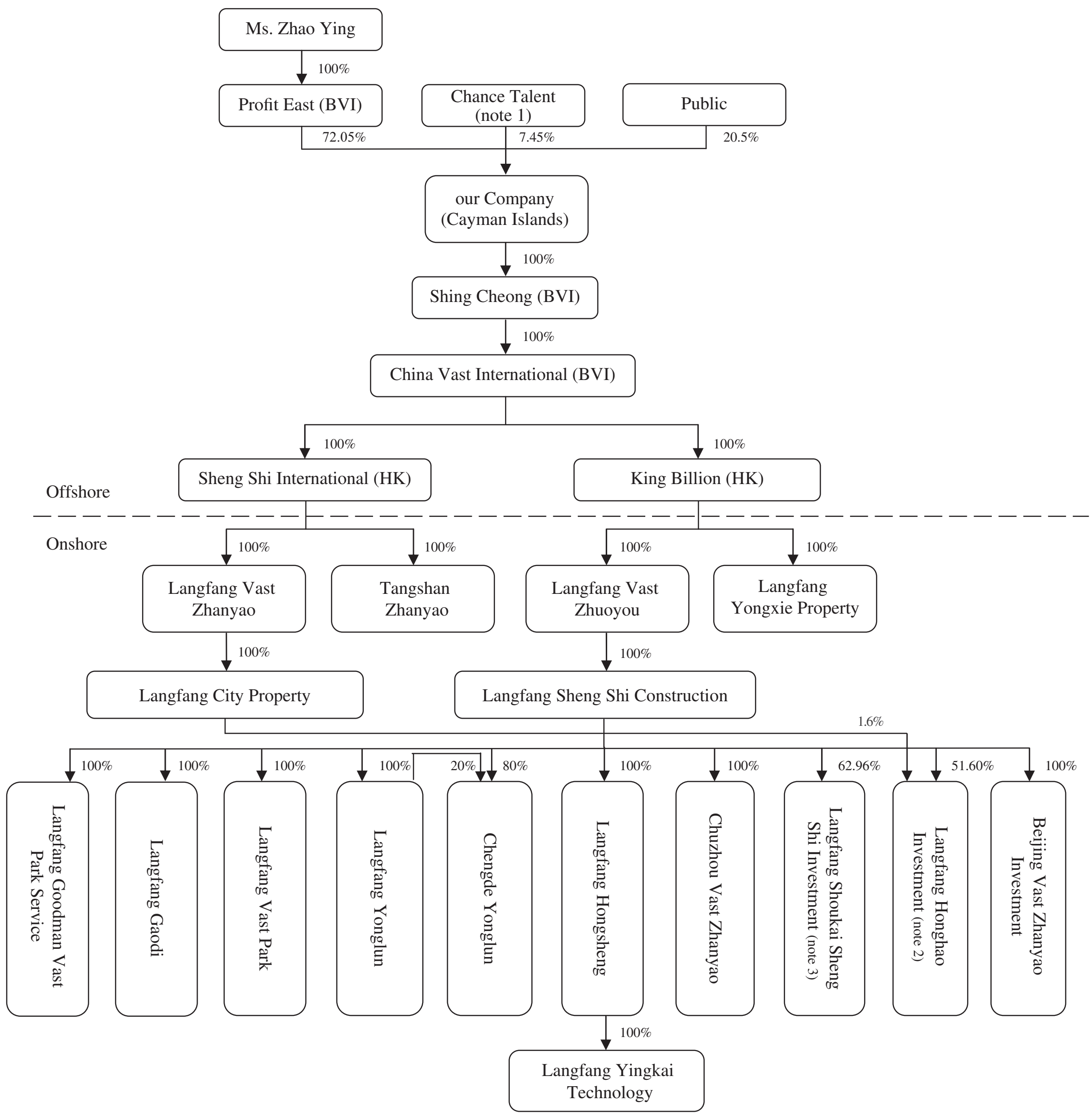
(3) The remaining 50.0% equity interest in Langfang Goodman Vast Park Service was held by Goodman China Limited, an Independent Third Party.

CAPITALIZATION OF LOAN, CAPITALIZATION ISSUE AND GLOBAL OFFERING

On August 6, 2014 Profit East, our Company, Shing Cheong, China Vast International and King Billion entered into a loan capitalization agreement with respect to the non-interest bearing loan in the amount of US$38,270,000 from Profit East to King Billion through our Company, Shing Cheong and China Vast International, pursuant to which (i) the liabilities and obligations of King Billion in respect of the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by China Vast International to King Billion will be discharged in full by way of capitalization of the same through the issuance of 100 new ordinary shares by King Billion to China Vast International; (ii) the liabilities and obligations of China Vast International in respect of the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by Shing Cheong to China Vast International will be discharged in full by way of capitalization of the same through the issuance of 100 new ordinary shares by China Vast International to Shing Cheong; (iii) the liabilities and obligations of Shing Cheong in respect of the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by our Company to Shing Cheong will be discharged in full by way of capitalization of the same through the issuance of 100 new ordinary shares by Shing Cheong to our Company; and (iv) thereafter, the liabilities and obligations of our Company in respect of the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by Profit East to our Company will be discharged in full by way of capitalization of the same through the allotment and issuance of 100 Shares by our Company to Profit East. The obligations of the relevant parties under the loan capitalization agreements will be completed on the same day of the completion of the Global Offering.

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalize all or a portion, as the case may be, of the balance of the share premium account and applying such sum in paying up in full at nominal value a total of 1,271,979,900 Shares for allotment and issue to Profit East.

The following chart sets forth the corporate and shareholding structure of our Group upon completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and an Offer Price of HK$3.25 per Share, being the mid-point of the indicative Offer Price range):



Notes:

(1) Upon the Listing, the Shares held by Chance Talent in our Company would be counted towards part of the public float.

(2) The remaining 48.4% equity interest in Langfang Honghao Investment were held by Baoding Hengcheng Fund and Baoding Hengshi Fund to secure their respective investments in Langfang Honghao Investment, in April 2013, in equal portion, (i.e. 24.2% each), who are Independent Third Parties. Pursuant to (i) the investment framework agreement among Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Hengcheng Fund and Baoding Hengshi Fund, (ii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengcheng Fund, and (iii) the agreement entered into between Langfang Sheng Shi Construction and Baoding Hengshi Fund, Langfang Sheng Shi Construction must, within 24 months or 36 months from the investment date thereunder, acquire the 48.4% equity interest in Langfang Honghao Investment from Baoding Hengcheng Fund and Baoding Hengshi Fund upon receipt by Baoding Hengcheng Fund or Baoding Hengshi Fund of their respective investments amount with premium. According to the confirmation letter signed by Langfang Sheng Shi Construction, Langfang Honghao Investment and Ruiyang (Tianjin) Investment Fund Management Co., Ltd.*, Baoding Hengcheng Fund and Baoding Hengshi Fund do not entitle to share profit and bear loss of Langfang Honghao Investment but receive a fixed return of the investments.

(3) The remaining 37.04% equity interest in Langfang Shoukai Sheng Shi Investment are held by Baoding Tai'an Fund and Baoding Tai'cheng Fund to secure their respective investments in Langfang Shoukai Sheng Shi Investment in July 2014, in equal portion, (i.e.18.52% each), who are independent of and not connected with our Company and/or our connected persons, save for being a Substantial Shareholder of our subsidiary, Langfang Shoukai Sheng Shi Investment. Pursuant to (i) the investment framework agreement dated June 26, 2014 among Langfang Sheng Shi Construction, Langfang Shoukai Sheng Shi Investment and Ruiyan (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), the promoter of Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, (ii) the equity acquisition agreement dated June 26, 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, and (iii) the capital increase agreement dated June 26, 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, the registered capital of Langfang Shoukai Sheng Shi Investment is expected to further increase to RMB202.0 million by means of capital injection of RMB40.0 million by Baoding Tai'yu Fund upon satisfaction of the conditions that (a) the registered capital of Langfang Shoukai Sheng Shi Investment has been increased to RMB162.0 million by means of capital injection of RMB30.0 million by each of Baoding Tai'an Fund and Baoding Tai'cheng Fund, and (b) Langfang Sheng Shi Construction has provided sufficient land use right as collateral. Upon completion of such capital increase, Langfang Shoukai Sheng Shi Investment will be held as to 50.50% by Langfang Sheng Shi Construction, 14.85% by Baoding Tai'an Fund, 14.85% by Baoding Tai'cheng Fund and 19.80% by Baoding Tai'yu Fund.

OVERVIEW

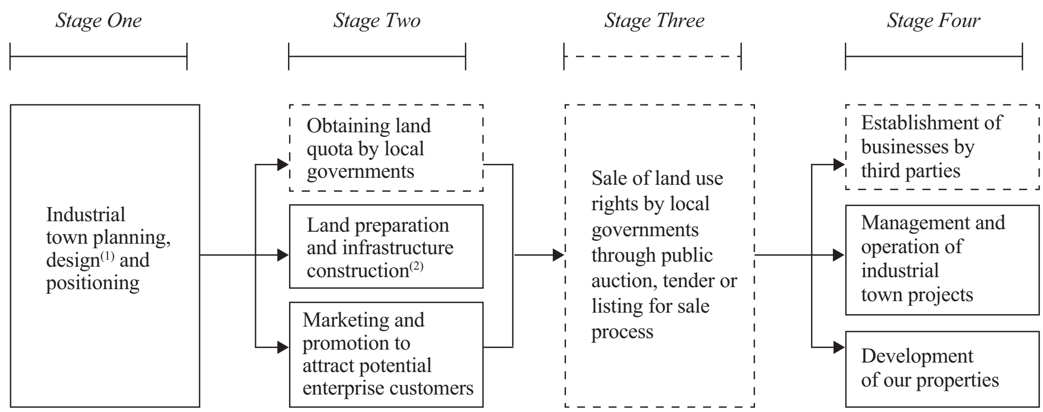
We are one of the pioneer service providers in the planning, development and operation of large-scale industrial towns (產業市鎮) in China, according to JLL. Our primary business focus, being industrial town development business, significantly differentiates us from a traditional property developer. When we commenced development of Longhe Park, our first industrial town project, in 2005, there were very few market players in the PRC offering a similar range of services, and industrial towns only became a development model to drive China's urbanization process in the recent decade, according to JLL. We currently co-operate with certain local governments in Hebei and Anhui provinces in relation to the development of four industrial town projects. We focus on the development of large-scale industrial towns with a land area of 10.0 million sq.m. or above. As one of the pilot models to drive China's urbanization process, an industrial town typically hosts a cluster of enterprises with selected common industry themes, together with supporting facilities such as logistics, residential and commercial properties, creating a fully integrated working and living community for its residents (產城一體). We co-operate with the local governments to develop industrial town projects, ranging from planning and design, industry positioning, land preparation, infrastructure construction, to the carrying out of marketing and promotional activities to attract enterprises to set up their businesses in the industrial towns (招商引資), which are tailored to meet the specific urbanization needs of the local governments and resident enterprises in industrial towns. After completing the development of our industrial town projects, we continue to provide follow-up management and operation services to resident enterprises in our industrial town projects.

In addition to our industrial town development business which is our primary business focus, we also develop and invest in residential, commercial and industrial properties in both our industrial town projects and other areas in Hebei province, so as to capture synergies from our industrial town development business and establish additional sources of revenue and cash flows to fund our operations and growth. Revenue generated from our property development business accounted for only a portion of our total revenue during the Track Record Period.

Industrial Town Projects

We currently co-operate with relevant local governments to develop four industrial town projects with a total planned site area of 67.5 million sq.m., consisting of: (i) Longhe Park, (ii) Longhe Resort and (iii) Guangyang Park, all located in Langfang, Hebei province, and (iv) Chuzhou Park located in Chuzhou, Anhui province. Among these four projects, Longhe Park is progressing towards an active development stage while the remaining three are in their early stages of development.

The following diagram illustrates our current business model with respect to our development of industrial town projects. For details, see "– Distinctive Business Model".



Notes:

* Activities in dotted line text boxes represent those conducted by third parties, and activities in solid line text boxes represent those conducted by us.

(1) Industrial town planning and design is conducted by our planning and design department in collaboration with architecture firms and town planning experts.

(2) All of our infrastructure construction works are currently subcontracted to Independent Third Party contractors.

The following table sets forth the location and planned site area of each of our industrial town projects. For details of the project status, industry themes and scope of services for each of our industrial town projects as of March 31, 2014, see "– Overview of Our Projects – Industrial Town Projects".

Industrial town project[1]	Location	Planned site area
Longhe Park	Langfang, Hebei province	28.0 million sq.m.
Longhe Resort	Langfang, Hebei province	9.5 million sq.m.
Guangyang Park[2]	Langfang, Hebei province	15.0 million sq.m.
Chuzhou Park	Chuzhou, Anhui province	15.0 million sq.m.

Notes:

(1) We have set up a project company with an affiliated entity of the Langfang local government, of which we hold 49% of the equity interest, to develop Guangyang Park. Development of Longhe Park, Longhe Resort and Chuzhou Park is conducted by our wholly-owned subsidiaries.

(2) The development of Guangyang Park is subject to certain uncertainties. For details, see "– Our Industrial Town Projects – Guangyang Park" and "Risk Factors – Risks Relating to Our Business and Industries – Our development plan of Guangyang Park may be subject to changes."

Most of our industrial town projects that we are currently working on are located in Langfang, Hebei province, which is in the Beijing-Tianjin-Hebei region, one of the major economic growth regions in China. For details of the Beijing-Tianjin-Hebei region, see "Industry Overview – Regional Markets Overview – Langfang, Hebei Province". This strategic location allows us to capture business opportunities arising from the economic growth of Beijing, which has experienced significant increases in land and property prices as well as the migration of population and certain industries to its surrounding areas. Such change has created, and is expected to continue creating, opportunities for us to attract large state-owned enterprises and private enterprises to our industrial town projects in Langfang to benefit from its proximity to Beijing and comparatively low land and property prices. In addition, with the planned integration of the Beijing-Tianjin-Hebei region in the foreseeable future, as well as the expected completion of construction of The Second Beijing Capital International Airport by 2018, Langfang is expected to experience further economic growth and appreciation in both land and property prices. With our three industrial town projects in Langfang, this will create significant opportunities for us, and is also crucial to our long-term growth.

We collaborate closely with local governments in the cities in which we develop and operate industrial town projects, and endeavor to address their specific needs. We provide services such as industrial town design and planning, industry positioning, land preparation, infrastructure construction, marketing and promotion, and follow-up services for the management and operation of our industrial town projects. Once we have prepared the land so that it is suitable for sale, the local governments will sell the relevant land use rights through public auction, tender or listing for sale process, and pay us fees based on the terms of the cooperation agreements we entered into within a pre-determined period of time. In addition, we also receive fees from the local governments in return for our marketing and promotion, and follow-up services. If we wish to do so and consider it appropriate, we may choose to acquire land use rights in our industrial town projects through the same public auction, tender or listing for sale process for our residential, commercial and industrial property development business.

Since we commenced our first project in 2005, we have accumulated extensive industry experience and gained sound reputation in developing large-scale industrial town projects. Longhe Park was awarded as one of the first provincial industrial clustering areas (省級工業聚集區) by Hebei People's Government (河北省人民政府) in May 2011. It has a planned site area of 28.0 million sq.m. and is expected to accommodate a total of 280,000 residents upon completion. The total saleable land for Longhe Park is 19.5 million sq.m., consisting of 10.3 million sq.m. of saleable land for industrial use and 9.2 million sq.m. of saleable land for residential and commercial use. As of March 31, 2014, the local government had sold land use rights of 2.8 million sq.m. of industrial land and 1.4 million sq.m. of residential and commercial land in Longhe Park, respectively, representing 30.6% of the total saleable industrial land and 13.8% of the total residential and commercial land, respectively. As of March 31, 2014, saleable land remaining unsold in Longhe Park was 15.3 million sq.m., consisting of 6.4 million sq.m. of industrial land and 8.9 million sq.m. of residential and commercial land. Based on the current progress of land use right sale, the sale of land use rights for Longhe Park is expected to be completed by 2024.

For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, fee income derived from our development of industrial town projects was RMB693.2 million, RMB93.1 million, RMB1,025.4 million, RMB266.8 million and RMB174.1 million, respectively, accounting for 57.7%, 19.9%, 84.5%, 99.2% and 55.7% of our total revenue for the same periods, respectively.

Residential, Commercial and Industrial Properties

We also develop and invest in residential, commercial and industrial properties. As of May 31, 2014, we have acquired land use rights to an aggregate land sites of 2,058,619 sq.m., consisting of 811,287 sq.m. in Longhe Park, and an aggregate land sites of 1,247,332 sq.m. in other areas in Hebei province. As of May 31, 2014, we had seven completed property projects with a total GFA of 675,435 sq.m., including those already sold by us, six property projects under development with a total planned GFA of 574,336 sq.m., and nine property projects held for future development with a total planned GFA of 1,624,811 sq.m. As of May 31, 2014, we had five investment property projects with a total GFA of 213,238 sq.m.

For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, we had contracted sales of properties of RMB306.1 million, RMB499.8 million, RMB742.8 million, RMB144.1 million and RMB121.0 million, respectively. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, revenue derived from our sale of properties was RMB499.5 million, RMB362.1 million, RMB177.0 million, nil and RMB134.2 million, respectively, accounting for 41.6%, 77.5%, 14.6%, nil and 42.9% of our total revenue for the same periods, respectively. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, revenue derived from our leasing of properties was RMB8.5 million, RMB12.3 million, RMB10.4 million, RMB2.3 million and RMB4.5 million, respectively, accounting for 0.7%, 2.6%, 0.9%, 0.8% and 1.5%, respectively.

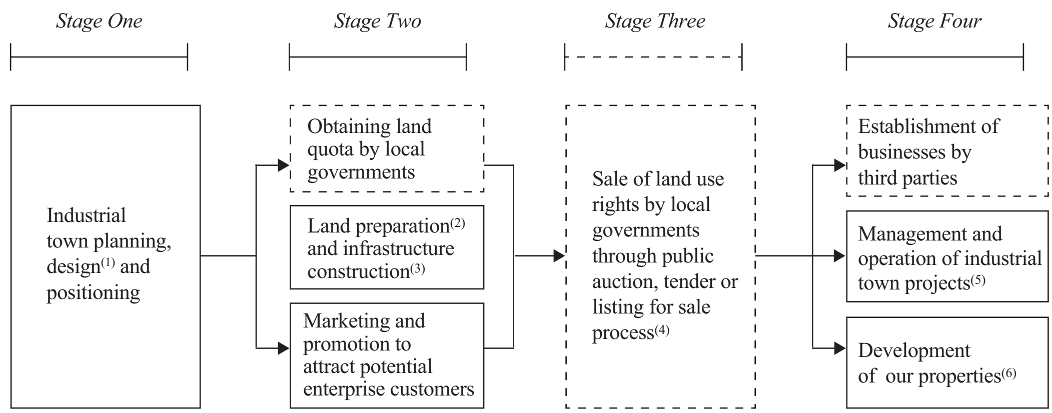
We believe that by leveraging our distinctive business model and proven track record of developing large-scale industrial town projects, we are well positioned to capture the increasing opportunities in China as its urbanization further accelerates. Going forward, we intend to continue focusing on the planning, development and operation of industrial towns, and selectively developing properties in or near our industrial town projects, after considering the economic potentials of the sites.

Our total revenue decreased from RMB1,201.2 million in 2011 to RMB467.5 million in 2012, and increased to RMB1,212.9 million in 2013. Our revenue increased from RMB269.1 million for the three months ended March 31, 2013 to RMB312.8 million for the same period in 2014. Our net profit decreased from RMB586.9 million in 2011 to RMB228.0 million in 2012, and increased to RMB763.5 million in 2013. Our net profit significantly increased from RMB15.7 million for the three months ended March 31, 2013 to RMB101.3 million for the same period in 2014. For details of the underlying reasons for such fluctuation, see "Financial Information – Results of Operations".

DISTINCTIVE BUSINESS MODEL

Overview

We operate on a distinctive business model to primarily provide services in the planning, development and operation of industrial town projects, and to a lesser extent, we are also engaged in the development of residential, commercial and industrial properties. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, fee income derived from our development of industrial town projects accounted for 57.7%, 19.9%, 84.5%, 99.2% and 55.7% of our total revenue, respectively. We maintained our business focus on industrial town development throughout the Track Record Period. Our fee income derived from the development of industrial town projects decreased by RMB600.1 million, or 86.6%, from RMB693.2 million in 2011 to RMB93.1 million in 2012, primarily due to (i) our strategic adjustment of development plan in 2012 to slow down our marketing efforts and land preparation and infrastructure construction activities with respect to residential and commercial land, in light of the relatively low market price of residential and commercial land sites in Langfang in 2012, and in anticipation of the growing potential of market price of such land sites from 2013, and (ii) to a lesser extent, due to the fact that land parcels of an aggregate of 215,563 sq.m. were publicly auctioned in December 2012 but the relevant fee income of RMB260.9 million was recognized as revenue in early 2013 following the execution of land grant contracts by the relevant parties. Our fee income derived from the development of industrial town projects decreased by RMB92.8 million, or 34.8%, from RMB266.8 million for the three months ended March 31, 2013 to RMB174.1 million for the same period in 2014, primarily reflecting a decrease in land site area sold by the local government according to the sale schedule. For details of our revenue fluctuation, see "Financial Information – Period to Period Comparison of Results of Operations". The following diagram illustrates our current business model with respect to our development of industrial town projects.



Notes:

* Activities in dotted line text boxes represent those conducted by third parties, and activities in solid line text boxes represent those conducted by us.

(1) Industrial town planning and design is conducted by our planning and design department in collaboration with architecture firms and town planning experts.

(2) Represents primarily the demolition, relocation and compensation process, if applicable. This whole process is executed by the relevant government authorities and we are merely responsible for making the relevant payments to the local government authorities solely for them to compensate the incumbent residents and businesses.

(3) Represents primarily clearing and levelling the land, and building infrastructure such as road, tap water, rainwater, waste water, electricity, gas, heat, communication facilities and television cables. All of our infrastructure construction works are currently subcontracted to Independent Third Party contractors.

(4) Sale of land use rights is conducted by local governments, upon which we receive fees from local governments. Notwithstanding land use rights of the land in our industrial towns are primarily sold by local governments to third-party purchasers, we also purchase selected land sites within our industrial town projects for development of certain residential and commercial properties where we consider appropriate. For details, see "– Our Residential, Commercial and Industrial Projects – Residential, Commercial and Industrial Properties in Longhe Park".

(5) Includes consulting services with respect to business registration, project administrative approval, environment assessment and application of permits and licenses, and coordination with third parties to provide property management, cleaning and landscaping services. Municipal services that are typically offered by local governments in China are not part of our management and operation of industrial town projects.

(6) Represents our own development of properties in our industrial town projects to the extent we purchase land sites within our industrial town projects.

Industrial Town Development

As a key part of our industrial town business, we (i) plan and design industrial towns and position them with selected common industry themes, (ii) convert land planned for development under our co-operation agreements with local governments into land suitable for sale by the local governments, primarily through land preparation and infrastructure construction, (iii) promote the sale of such land converted by us to potential enterprises and attract them to set up businesses in our industrial town projects, and (iv) provide or make available a wide range of follow-up management and operation services and facilities to such enterprises, so as to form a large-scale industrial town which provides a fully integrated working and living community for its residents. We offer one or more types of such services in each industrial town project based on and driven by the specific needs of the respective local governments. For example, we offer a full range of our industrial town development services in Longhe Park while our development of Chuzhou Park is limited to marketing and promotional activities. Depending on the types of our services, as consideration for our land preparation, infrastructure construction, marketing and promotional activities, we primarily receive the following types of revenue from local governments:

(i) lump-sum fee income, each calculated with reference to a portion of the sale proceeds when the land use rights to the land of our industrial town projects are sold by the local governments through public auction, tender or listing for sale process; and

(ii) recurring revenue, on a regular basis during the term of the co-operation agreements entered into between the relevant local government and us, calculated with reference to a specified portion of the taxes paid by the enterprises that set up their businesses in our industrial town projects.

All of the revenue we receive from local governments has been authorized and approved by competent PRC government authorities. Our PRC legal advisor, Jingtian & Gongcheng, has advised us that (i) the co-operation agreements entered into by and between the local governments and us are effective and are legally binding on both parties, and (ii) all the relevant local governments entering into co-operation agreements with us are competent to execute such agreements. During the Track Record Period, all of our fee income derived from the development of industrial town projects was calculated with reference to land sale proceeds of Longhe Park and recognized as revenue, and we did not recognize any revenue calculated with reference to a portion of the taxes paid by resident enterprises in our industrial town projects, primarily because the tax amount paid by resident enterprises was not sufficient to offset the operating costs incurred by the management committee of the Longhe Projects, as Longhe Park was still at its early development stage.

With respect to the development of an industrial town project, we are responsible for planning, design and industry positioning costs, costs for land preparation and infrastructure construction, marketing costs and management and operation costs, depending on our service scope for such industrial town project. For each of our industrial town projects, the local governments (i) deal with the actual demolition, relocation and compensation process, if applicable, (ii) obtain the land quota and have such land use rights publicly auctioned, tendered or listed for sale, and (iii) retain the ordinary municipal administration of the industrial towns developed by us. Pursuant to our co-operation agreements with the relevant local governments, we are not involved in the resettlement of incumbent residents and businesses. In addition, when we tailor our services in each industrial town project, we take into account the local social and economic dynamics, industry structure, population density and growth potential of the land value, and strive to capture and enhance the values of the locations of our industrial town projects and their surrounding areas. We endeavor to contribute to the local industrial clusters and long-term economic growth through customized services in developing industrial town projects.

Property Development

During the Track Record Period, we also obtained land use rights of selected land sites in Longhe Park and other areas to develop our own commercial, residential and industrial properties for further sale or rent to our customers. We intend to continue focusing on the development of our industrial town projects, and selectively develop properties in or near our industrial town projects, after considering the economic potentials of the sites.

COMPETITIVE STRENGTHS

We believe our market position is principally attributable to the following competitive strengths:

We are a pioneer service provider in the planning, development and operation of large-scale industrial towns, having established a distinctive business model, proven track record and renowned reputation in China.

We were one of the early movers in the planning, development and operation of industrial towns in the PRC when we first commenced development of Longhe Park in 2005. According to JLL, industrial towns are one of the pilot models to drive China's urbanization in recent years. An industrial town has its own specific industry themes, factories and urban infrastructure in its early stages of development, which leads to sustainable growth and development into more advanced city with a density of population, well-developed residential and commercial properties and a fully integrated working and living community for its residents.

Our industrial town business model focuses on producing industrial clusters and building a fully integrated working and living community for its residents. Such process includes planning, design, industry positioning, land preparation, infrastructure construction and marketing activities. This is different from the traditional model for developing economic development zones (經濟開發區) in China which is typically led by government authorities with less emphasis on forming industrial clusters of specific industry themes and less involvement of expertise and funds in the private sector. In addition, we differentiate ourselves from traditional land developers or contractors engaged in land development. These developers and contractors are typically focused on land preparation and infrastructure construction, while we place significant emphasis on planning, designing, marketing, management and operation of industrial town projects over a long term to ensure the successful formation, growth and functioning of industrial towns, as a result of which we earn a higher return over our costs, calculated with reference to the land sale proceeds. Furthermore, we believe we have competitive advantages over traditional developers of business parks in China, as we enjoy returns in the form of payments from the local governments calculated with reference to the land sale proceeds, and benefit directly from the appreciation in land value without the need to allocate a large amount of capital to acquire land use rights.

In particular, we believe our industrial town development practice in the past decade is in line with the concept of "new urbanization" recently promoted by the PRC central government. This concept places a significant emphasis on an urbanization process that addresses the residents' demand for employment opportunities, a better living environment and more urban resources, and encourages the involvement of market forces and the utilization of private capital in the process. As one of the pioneer service providers in large-scale industrial town development, planning and operation in China, we believe we have the knowledge of the new urbanization trend in China and are well positioned to seize opportunities arising from such process.

We enjoy an established reputation in industrial town development, proven by the growth of Longhe Park. Since the first enterprise established its business in Longhe Park in 2006 and up to the Latest Practicable Date, a total of 39 enterprise customers have established their businesses on the industrial land, and 12 property developers have acquired land to develop residential and commercial properties, in Longhe Park. The presence of a broad range of enterprise customers in Longhe Park contributes to, and is expected to continuously contribute to, the local economic growth and enhance the image and popularity of Longhe Park. Subsequent to our success in the development of Longhe Park, we were invited by the local governments of Guangyang District of Langfang, Hebei province and Chuzhou, Anhui province, to develop Guangyang Park and conduct marketing and promotional activities for Chuzhou Park. This demonstrates our recognized market position, experience and expertise in the development of industrial towns.

We have substantial experience in co-operating with local governments to address their specific urbanization needs.

We work closely with local governments to provide services including planning and design, industry positioning, land preparation, infrastructure construction, marketing and promotion, and management and operation of industrial towns. These services we provide are based on and driven by the specific needs of the respective local governments. For example, we provide a full range of these services for the development of Longhe Park, while we are solely responsible for marketing and promotional activities in respect of Chuzhou Park.

For Longhe Park and Longhe Resort, we entered into a co-operation agreement with the relevant local government through which we have obtained exclusive rights for the development of these industrial towns for a term of 50 years. As industrial town development requires substantial upfront capital and generates economic benefits over a long period of time, we believe having these exclusive rights is crucial to our business and offers us a number of benefits. For example, exclusivity reduces competition and provides us with an estimated level of income such that we can better manage our cash flow and reduce financing-related risks. We are also able to formulate and implement a long-term development plan with the flexibility to adjust such plan from time to time and allocate resources effectively, depending on the prevailing marketing conditions.

Over the past decade, we believe we have established constructive working relationships with local governments of the regions in which we operate, and have become a reliable business partner to them. This relationship can be attributed to our in-depth understanding of the urbanization trend in China, close study and analysis of the local social and economic dynamics and industry structure, and the characteristics of locally available resources. We are therefore in a position to advise local governments regarding selection of industry themes and positioning of industrial towns. In particular, our financing and marketing capabilities can help reduce the financial pressure that local governments may face in speeding up the urbanization process of their respective regions, and enhance the local economy and industry structure. We believe these are key factors that local governments consider when forming and executing their urbanization strategies and selecting business partners to accelerate the local urbanization process. As a result, we believe we are well positioned to establish co-operative relationships with more local governments and replicate our business model into other industrial towns.

We possess strong capabilities in attracting businesses and investment to industrial towns, and have established strategic cooperation relationship with many high quality enterprise customers.

We believe marketing and promotional capability is crucial to the success of our industrial town development business. As a result of the expertise we accumulated from developing Longhe Park, we have developed methods for attracting businesses to our industrial town projects and have established relationships with a number of high quality enterprise customers. For example, we typically secure one or two leading enterprise customers in selected industry first, and then leverage potential industrial clusters to draw in businesses in the same and/or relevant industries. The presence of leading enterprise customers further brings in other companies in the same or similar industries as well as their suppliers and service providers to relocate to our industrial town projects.

As of the Latest Practicable Date, we have successfully attracted a number of well-known enterprises to set up businesses in Longhe Park. These enterprise customers include FIH Electronics (Langfang) Co., Ltd.* (富智康精密電子(廊坊)有限公司), Langfang Global Logistic Properties Warehouse Co., Ltd* (廊坊普洛斯倉儲有限公司), Langfang Red Star Macalline Real Estate Co., Ltd.* (廊坊市紅星美凱龍房地產開發有限公司), Evergrande Langfang Real Estate Development Co., Ltd.* (恒大廊坊房地產開發有限公司), Langfang Shoukaizhitai Real Estate Development Co., Ltd. * (廊坊市首開志泰房地產開發有限公司), Shanghai Zhengda Property Limited (上海證大置業有限公司) and Kinghand Property Group Company Limited* (京漢置業集團股份有限公司). In addition, as of the Latest Practicable Date, we entered into strategic co-operation agreements with a number of companies, such as China Construction Second Engineering Bureau Ltd.* (中國建築第二工程局有限公司). For a summary of the material terms of these strategic co-operation agreements, see "– Development Process of Industrial Town Projects – Marketing and Promotion of Our Industrial Town Projects".

As of the Latest Practicable Date, we had a team of 90 members specializing in attracting domestic and foreign enterprises to set up their businesses in our industrial town projects. We have identified, selected and maintained relationships with high quality enterprise customers which have strong financial capabilities and good reputation. These enterprise customers typically operate large-scale businesses across China, and may, from time to time, need further space to operate in other regions of China. These enterprises are important to us in replicating our current business model into other industrial towns.

Our marketing efforts and interactions with enterprise customers in Longhe Park enable us to understand the needs of our target customers, which in turn help us customize our services to meet their needs and promote the land sale in our industrial town projects. Based on our good cooperation experience and relationship we have maintained with the existing enterprise customers in Longhe Park, we believe we are well positioned to leverage such resources to promote our other industrial town projects to these existing enterprise customers to generate repeat business.

Our industrial town projects have a large land size for future development and sale with significant potential for value appreciation.

Our four ongoing industrial town projects as of March 31, 2014 had an aggregate planned site area of 67.5 million sq.m. Of these four ongoing industrial town projects, three are located in Langfang, Hebei province with a total planned site area of 52.5 million sq.m. Langfang is a key developing city in the Beijing-Tianjin-Hebei region, and such region has been encouraged by the PRC central government to achieve economic integration. With this policy becoming a key national strategy to drive the expected integration of Beijing, Tianjin and Hebei province in the foreseeable future, and the expected completion of construction of The Second Beijing Capital International Airport by 2018, Langfang is expected to experience further economic growth and land value appreciation. This will in turn create significant opportunities for us to derive long-term economic benefits from our three industrial town projects in Langfang. For details of the Beijing-Tianjin-Hebei region, see "Industry Overview – Regional Markets Overview – Langfang, Hebei Province".

Our remaining project, Chuzhou Park, is located in Chuzhou, Anhui province and in close proximity to the Yangtze River Delta, with a total planned site area of 15.0 million sq.m. Chuzhou is in the Wanjiang City Belt (皖江城市帶), located 50 kilometers from Nanjing, the provincial capital of Jiangsu province. Chuzhou's strategic location enables it to benefit from the growth potential of the Yangtze River Delta, which is one of the most affluent regions in China in terms of economic growth and property prices. In addition, when an increasing number of industries migrate from the Yangtze River

Delta to Chuzhou, we expect demand for land in Chuzhou Park to continue to increase, which will help our marketing and promotional activities for Chuzhou Park and enhance the economic benefits we derive from Chuzhou Park.

As of March 31, 2014, the saleable land remaining unsold in Longhe Park was 15.3 million sq.m., consisting of 6.4 million sq.m. of industrial land and 8.9 million sq.m. of residential and commercial land. As of March 31, 2014, land with land quota obtained in our industrial town projects amounted to 2.0 million sq.m., consisting of 0.9 million sq.m. of industrial land and 1.1 million sq.m of residential and commercial land.

Taking into consideration the land size available to us for the development of our industrial town projects, their strategic locations and favorable national policies and plans supporting development of the regions where our industrial town projects are located, we believe we are well positioned to achieve further growth at a sustainable rate in the foreseeable future.

We provide comprehensive services to enterprises and residents to support a sustainable and steady growth of our industrial town projects.

We improve the working and living environment of our industrial town projects by means of offering or making available a wide range of value-added services to enterprises and residents. The services offered by us primarily include consulting services with respect to business registration, project administrative approval, environmental assessment and application for permits and licenses, and coordination with third parties to provide property management, cleaning and landscaping services. We also work with local governments to extend public transportation systems into our industrial town projects to facilitate transportation access. In addition, we cooperate with local governments to provide ancillary services to operators of municipal facilities in industrial towns, including water, gas, heat and communication suppliers. Furthermore, we coordinate with third-party service providers to make available telecommunication service branches in our industrial town projects to expand the range of supporting facilities and services available on-site. Through all these efforts, we have endeavored to form an integrated working and living community for residents in our industrial town projects. This in turn improves our attractiveness to enterprises which are considering relocating to or otherwise establishing their business in our industrial towns, and increases our occupancy rate.

To supplement our industrial town projects, we have also acquired land use rights at selected land sites through the public auction, tender or listing for sale process to develop our residential, commercial and industrial properties, which we believe can further enhance the working and living environment and increase the attractiveness and investment value of our industrial town projects. Such properties also enable us to further supplement and diversify our sources of revenue, thereby generating an additional recurring cash flow to fund our operations. In addition, we believe we have significant knowledge with respect to the planning of our industrial town projects and thus gain an understanding of the pricing trends of the land and properties in these industrial towns ahead of our competitors, which offers us a competitive advantage in acquiring high quality land site at a reasonable cost, and creates synergies between our industrial town development business and our property development business. As of March 31, 2014, we have acquired land sites of 811,287 sq.m. in Longhe Park for development of our residential, commercial and industrial projects.

We have an experienced management team with vision and a strong focus on execution to ensure our long-term growth.

Our senior management team has, on average over 10 years of experience in the planning, development and operation of industrial towns, and the development of residential, commercial and industrial properties. The core members of our senior management team possess solid industry knowledge, extensive operational experience and a proven track record of generating growth for us. Mr. Wang Jianjun, our chairman and executive Director, has approximately 20 years of experience in real estate industry, among which approximately 10 years are in the development of industrial towns in China. His leadership and vision in business strategies have helped us understand the urbanization trend in China and seize market opportunities in such urbanization process. Mr. Xu Ming, our vice president, has more than 20 years of experience in the financial industry and was the head of the Agriculture Bank of China, Langfang Branch, Jiefang Lane sub-branch* (農業銀行廊坊分行解放道支行) before joining us in 2006. Mr. Xu's experience and extensive network with local financial institutions have been crucial for our capital management and development of Longhe Park. In addition, Mr. Huang Peikun, our chief financial officer and executive Director, has more than 20 years of experience in the real estate industry and domestic and overseas capital markets, and has guided our capital operation and strategic plan. Prior to joining us, Mr. Huang was the chief financial officer of China Merchants Property Holding Co., Ltd.* (招商局地產控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000024), and chairman of the board of directors of China Merchants Land Limited* (招商局置地有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00978).

STRATEGIES

Our goal is to become a leading service provider in the planning, development and operation of industrial towns in the PRC. We hope to achieve this goal through the following strategies:

Continue to enhance the land value and thus the profitability of current projects

We intend to enhance the land value for our current projects, namely Longhe Park, Longhe Resort, Guangyang Park and Chuzhou Park, by improving the working and living environment, and attracting more leading enterprises to establish their businesses in our industrial town projects, which is expected to create a large number of high-value jobs and raise the value of our residential and commercial land as well. We plan to achieve this target by further enhancing our planning and design capabilities and development and management skills, corporate client services, as well as our marketing and promotional efforts. In particular, we intend to optimize our industrial theme mix, with a focus on industry themes of high-tech, advanced manufacturing and modern services. We will also strive to achieve a better balance between industrial development and city functions, which will be critical to increase the attractiveness to property developers to develop residential and commercial properties in our industrial town projects. We believe that these initiatives will enhance the value of the land we develop and thus enhance the return we receive under our business model.

With roots in the Beijing-Tianjin-Hebei region, seek further market opportunities in other selected areas in China

Our operations have been based in the Beijing-Tianjin-Hebei area since our inception. Based on our long-term co-operation agreements with the relevant local governments, we expect to continue focusing on our development of current projects in Langfang, Hebei province, a key developing city in

Beijing-Tianjin-Hebei region, during a relatively long period of time. We intend to complete land preparation and infrastructure construction of an additional 1.2 million sq.m. of land in Longhe Park and Longhe Resort in 2014.

In addition, we intend to continue seeking growth opportunities in this area. In addition, as the urbanization process in China continues to develop, we also expect new market opportunities in other areas in China to emerge. By leveraging our in-depth understanding of China's urbanization trend and experience and expertise we gained over the past decade, we intend to devote considerable time and resources towards identifying marketing opportunities in other areas in China. We are currently closely studying the urban areas within the "Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) proposed by the PRC central government, and intend to seize opportunities to expand into these areas with a focus on the Beijing-Tianjin-Hebei region. According to JLL, the "Two Horizontal and Three vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) is a key national policy regarding China's urbanization plan, representing the focus of the PRC central government's urbanization process in the near future. As of the Latest Practicable Date, we had not identified or committed to developing any additional definitive industrial town projects. When selecting a particular area to expand into, we intend to focus on evaluating the strategic importance of its location, growth potential of the local area, industries suitable for such area and our available marketing resources in such industries, the specific needs of the local governments, our availability to match such needs of the local governments, and estimated returns we may receive from the local governments. For details of the "Two Horizontal and Three Vertical Urbanization Plan", see "Industry Overview – Industrial Town Development in the PRC – The Trend of Modern Urbanization and Industrial Towns."

Enhance our designing, planning, managing and operating capabilities of industrial town projects

We believe design and planning of our industrial town projects are crucial to create an integrated working and living community for residents. In order to enable us to seek access to more market opportunities, we intend to enhance our designing, planning, managing and operating capabilities of developing industrial town projects by cooperating with well-known national and international professional parties and research institutes. For example, we intend to continue to collaborate with JURONG International Engineering (Suzhou) Company Limited (裕廊國際工程(蘇州)有限公司), Beijing THUPDi Architectural Design & Consulting Institute Co., Ltd.* (北京清華同衡規劃設計研究院有限公司) and China Academy of Urban Planning & Design* (中國城市規劃設計研究院) to engage in the planning and landscape design of our industrial town projects. We also intend to establish an in-house institute with respect to the design and planning of industrial town projects.

In addition, we intend to continue coordinating with the management committee of Longhe Park and third party service providers to offer a broader range of supporting facilities and services available on-site. For example, to support the development of our resident enterprises, we intend to provide value-added services to them with respect to obtaining credit facilities, improving information access to the local policies and development plan, and enhancing logistics and human resources support. Through all these efforts, we endeavor to address our enterprise customers' business needs on a day-to-day basis and support their long term growth.

Enhance our brand awareness and promote our industrial town projects

To further improve our marketing and promotional capability, we intend to promote our brand awareness through on-going marketing campaigns and attract more enterprises to set up businesses in our industrial town projects. Our marketing campaigns include television, print, radio and online advertising of our brand name and ongoing industrial town projects, and sponsorship of, and participation in, seminars and forums with respect to the urbanization process and industrial town development in China. We also intend to establish a fund to help rural residents in our industrial town projects or the surrounding area to seek employment opportunities in the industrial towns developed by us.

In addition, we believe our reputation among enterprise customers in our industrial town projects is important to enhance our brand awareness. As such, we intend to expand our customer base, and continue offering customized follow-up services to understand and address their specific business needs. We believe such efforts will allow us to maintain a good, constructive relationship with these enterprise customers, strengthen our brand image in their industries, and generate repeat business.

Enhance our capability to attract and retain top talent

We intend to enhance our human resources management mechanisms, including adopting incentive mechanisms, strengthening our management systems with respect to recruiting of employees and training and retention of talent, and providing our employees with diversified development paths in order to better attract and retain our talent.

- *Recruiting*. We intend to attract and recruit experts with in-depth industry experience as well qualified graduates from top universities in China. For lateral recruitment, we intend to identify candidates with experience in the industrial town development industry, as well as those from selected industries aligned to industry themes of our industrial town projects, so that we possess the necessary industry knowledge to approach target enterprises to support our marketing and promotional activities.

- *Training.* We intend to provide our employees with both internal and external training sessions given by industry experts, in order to improve their understanding of our industries and business model, as well as their expertise required to develop their careers in our Company. We also encourage our employees to pursue higher education degrees during their employment with us.

- *Retaining.* We intend to improve the compensation and benefit packages offered to our employees in order to provide more incentive and retain all of our key employees. Such measures might include but not limit to employee incentive schemes when we deem it appropriate.

OVERVIEW OF OUR PROJECTS

Industrial Town Projects

We currently provide planning, development and/or operation services in four industrial town projects, consisting of (i) Longhe Park, (ii) Longhe Resort and (iii) Guangyang Park in Langfang, Hebei province, and (iv) Chuzhou Park in Chuzhou, Anhui province. Longhe Park is progressing towards an active development stage. The remaining three projects are in the early stage of development, and we have entered into legally binding co-operation agreements with the local governments for the development of each of these projects. We expect our existing industrial town projects to continue to generate land parcels for sale until 2035.

The following table sets forth our project status, industry themes, scope of services and fee arrangement for each industrial town project as of the Latest Practicable Date.

Industrial town project[1]	Status	Industry theme	Scope of services	Fee arrangement
Langfang, Hebei province				
Longhe Park *Planned site area:* 28.0 million sq.m.	• Progressing towards an active development stage	• Information technology, advanced manufacturing, modern services and property development	• Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	• Calculated with reference to a certain percentage of land sale proceeds and taxes paid by resident enterprises. For details, see "– Our Industrial Town Projects – Longhe Park – Major terms of the co-operation agreement".
Longhe Resort *Planned site area:* 9.5 million sq.m.	• Binding agreement signed; land preparation and infrastructure construction not yet commenced	• Vacation properties and facilities, business headquarters and culture business subject to finalization	• Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	• Calculated with reference to a certain percentage of land sale proceeds and taxes paid by resident enterprises. For details, see "– Our Industrial Town Projects – Longhe Resort – Overview".
Guangyang Technology Regeneration Park[2] *Planned site area:* 15.0 million sq.m.	• Binding agreement signed; land preparation and infrastructure construction not yet commenced	• Under planning	• Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	• A portion of the net land sale proceeds representing the sum of our actual investment amount with a pre-agreed return and a portion of the remaining net land sale proceeds in accordance with our equity interest in the relevant project company. For details, see "– Our Industrial Town Projects – Guangyang Park – Major terms of the Guangyang Agreement".
Chuzhou, Anhui province				
Chuzhou Park *Planned site area:* 15.0 million sq.m.	• Binding agreement signed; marketing activities commenced	• New materials, new energy, equipment manufacturing, modern services and natural food, subject to finalization	• Marketing	• Calculated with reference to net land sale proceeds of a certain size of land sites. For details, see "– Our Industrial Town Projects – Chuzhou Park – Major terms of the strategic investment agreement".

Notes:

(1) We have set up a project company with an affiliated entity of the local government, of which we hold 49% of the equity interest, for the development of Guangyang Park. Our development of Longhe Park, Longhe Resort and Chuzhou Park is conducted by our wholly-owned subsidiaries.

(2) We entered into a co-operation agreement with the local government for the development of Guangyang Park on April 27, 2011. As Guangyang Park is in close vicinity to The Second Beijing Capital International Airport which is currently under development, the development plan of the surrounding area of The Second Beijing Capital International Airport, including Guangyang Park, is under review by the local government. As such government planning has not been released, we have not commenced development of Guangyang Park as of the Latest Practicable Date. The industry positioning and our scope of services for Guangyang Park are subject to changes. For details of Guangyang Park, see "– Our Industrial Town Projects – Guangyang Park." For risks associated with the development of Guangyang Park, see "Risk Factors – Risks Relating to Our Business and Industries – Our development plan of Guangyang Park may be subject to changes".

For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, fee income derived from our development of industrial town projects was RMB693.2 million, RMB93.1 million, RMB1,025.4 million, RMB266.8 million and RMB174.1 million, respectively, accounting for 57.7%, 19.9%, 84.5%, 99.2% and 55.7% of our total revenue for the same periods, respectively. For details of our revenue fluctuation, see "Financial Information – Period to Period Comparison of Results of Operations".

The table below sets forth selective information about the classification of land, planned site area and sold site area of Longhe Park as of March 31, 2014.

Classification	Planned site area[(1)]	Site area sold[(2)]		Saleable land unsold	
	sq.m.	sq.m.	%	sq.m.	%
Saleable					
• Residential and commercial area	10,288,300	1,416,997	13.8	8,871,303	86.2
• Industrial area	9,205,500	2,813,505	30.6	6,391,995	69.4
Subtotal of saleable land	19,493,800	4,230,502	21.7	15,263,298	78.3
Non-saleable					
• Roads	4,431,300	N/A	N/A	N/A	N/A
• Greenery space	4,074,900	N/A	N/A	N/A	N/A
Subtotal of non-saleable land	8,506,200	N/A	N/A	N/A	N/A
Total	**28,000,000**	**4,230,502**	**N/A**	**15,263,298**	**N/A**

Notes:

(1) Planned site area is based on the planning approved by the relevant local government.

(2) Percentages are calculated as the site area sold by the local governments through public auction, tender or listing for sale process as a portion of the total saleable site area under the same land classification.

The following table sets forth the movement of land with land quota obtained in Longhe Park during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
	sq. m.	sq. m.	sq. m.	sq. m.
Land with land quota obtained at beginning of period				
Industrial land	1,551,366	1,397,871	894,665	890,584
Residential and commercial land	788,511	983,757	1,426,366	1,176,288
Subtotal	**2,339,877**	**2,381,628**	**2,321,031**	**2,066,872**
Additions of land with land quota obtained				
Industrial land	700,764	62,429	168,056	–
Residential and commercial land	575,469	481,346	313,203	–
Subtotal	**1,276,233**	**543,775**	**481,259**	**–**
Land sold by the local government				
Industrial land	(854,259)	(565,635)	(172,137)	–
Residential and commercial land	(380,223)	(38,737)	(563,281)	(101,332)
Subtotal	**(1,234,482)**	**(604,372)**	**(735,418)**	**(101,332)**
Land with land quota obtained at end of period				
Industrial land	1,397,871	894,665	890,584	890,584
Residential and commercial land	983,757	1,426,366	1,176,288	1,074,956
Total	**2,381,628**	**2,321,031**	**2,066,872**	**1,965,540**

The following table sets forth an aging analysis of land with land quota obtained in Longhe Park as of the dates indicated.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	sq. m.	sq. m.	sq. m.	sq. m.
Less than 1 year	1,276,233	543,775	769,188	458,746
1–2 years	577,599	1,276,233	233,333	543,775
2–3 years	527,796	501,023	1,064,351	675,810
3–4 years	–	–	–	287,209
	2,381,628	2,321,031	2,066,872	1,965,540

As of the Latest Practicable Date, among the land with land quota obtained in Longhe Park aged two to three years of 1,064,351 sq.m. as of December 31, 2013, 412,689 sq.m. was sold by the local government.

During the Track Record Period, the amount of land sold by the local government in Longhe Park was generally in line with the amount of additional land with land quota obtained in Longhe Park, and we maintained a relatively stable amount of land with land quota obtained at the year end of 2011, 2012 and 2013. To determine whether to develop a given land with land quota obtained in our industrial town projects, we typically consider the prevailing market demand, the appreciation potential of such land, our planning and design and industry positioning with respect to such land and financial resources available to us to support any development plan. As of December 31, 2013, land with land quota obtained aged two to three years in Longhe Park was 1,064,351 sq.m., primarily because (i) a majority of such land was industrial land and the potential customers of industrial land typically required a large amount of land; (ii) we identified a target customer for a portion of the industrial land and such target customer was conducting a feasibility study in respect of establishing business in Longhe Park prior to purchasing the relevant land use rights; and (iii) we also retained certain residential and commercial land parcels with appreciation potential for future development, in particular, considering the relatively low market price of residential and commercial land sites in Langfang in 2012. As of March 31, 2014, land with land quota obtained aged three to four years in Longhe Park was 287,209 sq.m., of which 100,016 sq.m. was sold as of the Latest Practicable Date.

The following table sets forth the movement of land that is ready for sale in Longhe Park, representing the land with land quota obtained and land preparation and infrastructure construction completed, during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2011	**2012**	**2013**	**2014**
	sq. m.	**sq. m.**	**sq. m.**	**sq. m.**
Land that is ready for sale at the beginning of period	1,498,194	1,143,292	1,276,357	1,539,223
Addition of land that is ready for sale	879,580	737,437	998,284	–
Land sold by the local government	(1,234,482)	(604,372)	(735,418)	(101,332)
Land that is ready for sale at the end of period	1,143,292	1,276,357	1,539,223	1,437,891

The following table sets forth an aging analysis of land that is ready for sale in Longhe Park as of the dates indicated.

	As of December 31,			As of March 31,
	2011	**2012**	**2013**	**2014**
	sq. m.	**sq. m.**	**sq. m.**	**sq. m.**
Less than 1 year	879,580	737,437	935,072	736,950
1–2 years	263,712	538,920	604,151	700,941
	1,143,292	1,276,357	1,539,223	1,437,891

As of the Latest Practicable Date, among the land ready for sale in Longhe Park aged one to two years of 604,151 sq.m. as of December 31, 2013, 294,402 sq.m. was sold by the local government and the remaining portion of land was aged less than two years.

Among land with land quota obtained in Longhe Park, we select a portion of such land to conduct land preparation and infrastructure construction according to our development plan, after considering funding available to us to support such development plan, the prevailing land price and anticipated market demand. After the relevant land preparation and infrastructure construction is completed, the relevant land is considered ready for sale. During the Track Record Period, we maintained a relatively stable amount of land that was ready for sale at the end of 2011, 2012 and 2013 and March 31, 2014, with a steady increase, primarily in anticipation of the increasing market demand for land in Longhe Park in line with our expansion of business operations and as driven by a number of factors such as the urbanization trend in the PRC, the potential integration of the Beijing-Tianjin-Hebei region and the expected completion of construction of The Second Beijing Capital International Airport by 2018.

Under the applicable PRC law, land quota may become invalid automatically if no action is commenced with respect to land requisition (徵地) (i.e. our land preparation process) within two years after the land quota is assigned. In addition, within two years after the completion of land requisition, if the relevant land with land quota obtained is not provided by the local government for sale, land quota available to such local government will be reduced correspondingly in the subsequent year. According to an interview with the Land and Resources Department of Hebei province (河北省國土資源廳) in May 2014, the action with respect to land requisition includes implementation of relocation and compensation plan, payment of compensation fees and implementation of relocation plan. In addition, according to a confirmation letter issued by the local land authority in Longhe Park of Anci District in May 2014, land requisition has commenced within two years after the land quota was assigned for the relevant lands in Longhe Park from 2005 to 2013. The Land and Resources Department of Hebei province (河北省國土資源廳) also confirmed in the interview in May 2014 that none of the land quota assigned to land in Langfang was found invalid due to the failure to commence land requisition within two years after the land quota is assigned, nor was any land quota available to the local government of Langfang reduced during the Track Record Period. As advised by our PRC legal advisor, Jingtian & Gongcheng, according to the applicable PRC law, the aforementioned interview with the Land and Resources Department of Hebei province (河北省國土資源廳) and the confirmation letters issued by the local land authority in Longhe Park of Anci District, land with land quota obtained in Longhe Park aged two to three years is not idle land under the applicable PRC laws, nor has such land in our industrial town projects resulted in any material adverse legal consequence on us or the local government under the applicable PRC laws.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date (i) we have commenced land preparation process in Longhe Park within two years after the land quota was obtained, and (ii) lands in Longhe Park were sold within two years after they became ready for sale.

For details of the applicable PRC law with respect to land quota and idle land, see "Regulations – Property Development – Commencement of a Property Project and the Idle Land" and "Regulations – Industrial Town Development – Industrial Development Zone". For details of land quota, see also "– Development Process of Industrial Town Projects – Obtaining Land Quota".

As of March 31, 2014, no land parcel in Longhe Resort, Guangyang Park or Chuzhou Park was sold by the relevant local government. The planned land sites of Guangyang Park by classification are currently not available as its planning and design and industry positioning is not determined yet. With respect to Chuzhou Park, we are solely responsible for the marketing and promotion of sale of land use rights to it.

The following table sets forth selective information about the classification of land and planned site area of Longhe Resort.

Classification	Planned site area[1]
	sq.m.
Saleable	
• Residential and commercial area	4,525,200
• Industrial area	1,162,000
Subtotal of saleable land	5,687,200
Non-saleable	
• Roads	563,700
• Greenery space	3,249,100
Subtotal of non-saleable land	3,812,800
Total	9,500,000

Note:

(1) Planned site area is based on the planning we have submitted to the relevant local government for approval.

The following table sets forth selective information about the classification of land and planned site area of Chuzhou Park.

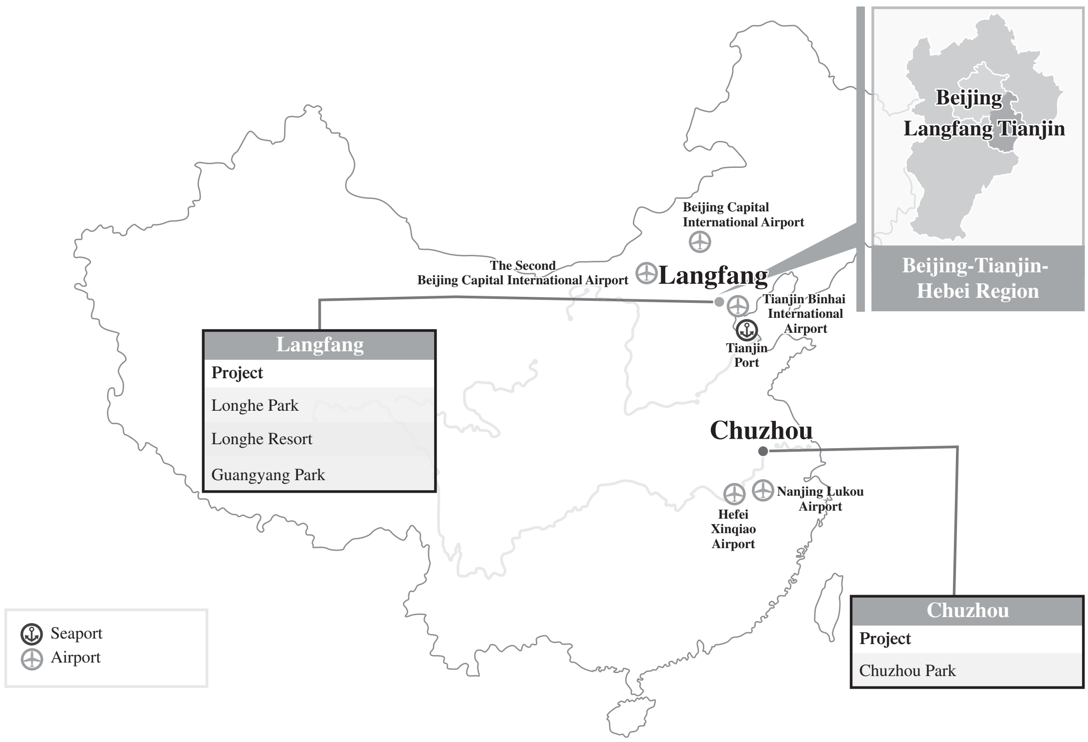
Classification	Planned site area[1]
	sq.m.
Saleable	
• Residential and commercial area	4,286,100
• Industrial area	5,466,100
Subtotal of saleable land	9,752,200
Non-saleable	
• Roads	2,688,800
• Greenery space	2,398,000
• Others[2]	159,100
Subtotal of non-saleable land	5,245,900
Total	14,998,100

Notes:

(1) Planned site area is based on the planning we have submitted to the relevant local government for approval.

(2) Others include areas for supporting facilities such as water supply facilities and waste discharge facilities.

The following map shows the locations of our industrial town projects.



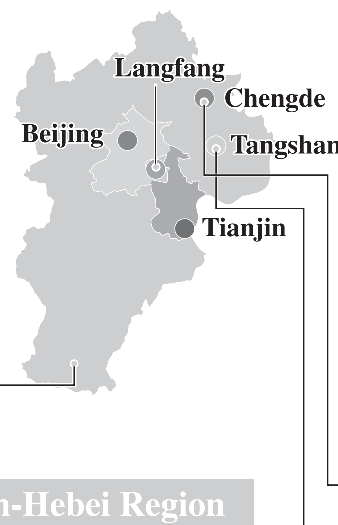
Property Development Projects

During the Track Record Period, we also developed residential, commercial and industrial properties for sale or rent in Longhe Park and other areas located in Hebei province. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, revenue derived from sale of properties was RMB499.5 million, RMB362.1 million, RMB177.0 million and RMB134.2 million, respectively, accounting for 41.6%, 77.5%, 14.6% and 42.9% of our total revenue, respectively. We did not recognize any revenue derived from sale of properties for the three months ended March 31, 2013 as we did not deliver any property during the same period. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, revenue derived from property leasing was RMB8.5 million, RMB12.3 million, RMB10.4 million, RMB2.3 million and RMB4.5 million, respectively, accounting for 0.7%, 2.6%, 0.9%, 0.8% and 1.5% of our total revenue, respectively. Going forward, we intend to continue focusing on our core business, namely, development of industrial town projects. For details of our revenue fluctuations, see "Financial Information – Period to Period Comparison of Results of Operations".

- *Properties in Longhe Park:* As of May 31, 2014, we have acquired land sites of 379,058 sq.m. in Longhe Park for development of residential and commercial properties, accounting for 3.7% of the total planned saleable residential and commercial land in Longhe Park, and acquired land sites of 432,229 sq.m. in Longhe Park for development of industrial properties, some of which were held as investment properties, accounting for 4.7% of the total planned industrial land in Longhe Park. We typically consider a number of factors to decide whether to acquire any particular land site in our industrial town projects, including the location, the acquisition cost and the estimated return from developing properties on such land site.

- *Properties in other areas:* As of May 31, 2014, we have acquired land sites of 1,247,332 sq.m. in other areas of Langfang, Chengde and Tangshan, all located in Hebei province, which do not form part of our industrial towns, among which 96.4% were acquired prior to the Track Record Period.

The following map shows the geographical locations and key information of our properties as of May 31, 2014.



Foxconn City	
Type	Total GFA (sq.m.)
Completed	32,590
Under construction	–
For future development	280,047

Chuangye Plaza (Phase II)	
Type	Total GFA (sq.m.)
Completed	–
Under construction	29,407
For future development	–

Hongtai Longdi	
Type	Total GFA (sq.m.)
Completed	174,995
Under construction	175,921
For future development	–

Hongtai Commerce Plaza	
Type	Total GFA (sq.m.)
Completed	–
Under construction	–
For future development	153,285

Electronic Information Industrial Park in Longhe Park	
Type	Total GFA (sq.m.)
Completed	–
Under construction	77,195
For future development	127,110

Longhe Park - Talent Home (Public Rental Housing)	
Type	Total GFA (sq.m.)
Completed	24,346
Under construction	–
For future development	–

Gaodi Project	
Type	Total site area (sq.m.)
Completed	–
Under construction	–
For future development	62,914

Yishujia	
Type	Total GFA (sq.m.)
Completed	160,079
Under construction	–
For future development	–

Yihejiayuan (Block A)	
Type	Total GFA (sq.m.)
Completed	84,575
Under construction	–
For future development	–

Mingren Garden	
Type	Total GFA (sq.m.)
Completed	64,284
Under construction	–
For future development	–

Hongtai Meishuguan	
Type	Total GFA (sq.m.)
Completed	134,565
Under construction	121,955
For future development	–

Shangbei Complex	
Type	Total GFA (sq.m.)
Completed	–
Under construction	12,746
For future development	–

Shangshi Jiahua	
Type	Total GFA (sq.m.)
Completed	–
Under construction	–
For future development	177,190

Qingnianhui	
Type	Total GFA (sq.m.)
Completed	–
Under construction	–
For future development	10,893

Huahang Apartment	
Type	Total site area (sq.m.)
Completed	–
Under construction	–
For future development	9,860

Yulong Bay	
Type	Total GFA (sq.m.)
Completed	–
Under construction	157,113
For future development	599,711

Tanghai Project	
Type	Total site area (sq.m.)
Completed	–
Under construction	–
For future development	203,800

The following table sets forth a GFA breakdown of the land bank of our residential, commercial and industrial properties as of May 31, 2014.

	Saleable GFA remaining unsold	GFA under development	Planned GFA for future development(1)	Total land bank(2)
	sq.m.	sq.m.	sq.m.	sq.m.
Langfang(廊坊)				
Longhe Park	189,607	282,523	623,356	1,095,486
Other areas in Langfang	76,860	134,701	197,943	409,504
Subtotal	266,468	417,224	821,300	1,504,991
Chengde (承德)	–	157,113	599,711	756,824
Tangshan(唐山)	–	–	203,800	203,800
Total	266,468	574,336	1,624,811	2,465,615

Notes:

(1) We have entered into land grant contracts and obtained land use rights certificates for the underlying land parcels, except that we are in the process of obtaining land use rights certificates for a portion of the underlying land parcels of Shangshi Jiahua (尚世嘉華) of 32,000 sq.m.

(2) Total land bank refers to the sum of saleable GFA remaining unsold, GFA under development and planned GFA for future development.

The following table sets forth a GFA breakdown of the land bank of our investment properties as of May 31, 2014.

	Rentable GFA remaining unleased	Planned rentable GFA(1)	Total land bank(2)
	sq.m.	sq.m.	sq.m.
Langfang(廊坊)			
Longhe Park	111,572	64,489	176,061
Other areas in Langfang	–	–	–
Total	111,572	64,489	176,061

Notes:

(1) We have entered into land grant contracts and obtained land use rights certificates for the underlying land parcels.

(2) Total land bank refers to the sum of rentable GFA remaining unleased and planned rentable GFA.

DEVELOPMENT PROCESS OF INDUSTRIAL TOWN PROJECTS

Overview

We have formulated a set of comprehensive, standardized operative procedures in the development of our industrial town projects. As part of our core ability to replicate our business model in different regions, all key decisions regarding a development project, including site selection, master planning, project design and marketing and promotional activities to attract selected enterprises to set up businesses in our industrial town projects, are primarily carried out at our headquarters. Our operating subsidiaries in the PRC are responsible for the management of day-to-day development of the operational activities of each individual project. We also have a well-trained, efficient team to execute our operative procedures consistently.

Our industrial town development process typically consists of the following phases.

	Key activities[1]	Duration (months)[2]
Stage One[3]	Feasibility study, industry positioning, site selection and master planning	6
	Co-operation agreement	1-2
	Project design and plan approval	3-6
	Financing	As and when appropriate (usually continuous)
Stage Two[4]	Obtaining land quota by the local governments	Obtained two or three times in one year
	Land preparation and infrastructure construction, including:	12-24
	• Site clearance	1
	• Infrastructure construction	6-12
	• Demolition, relocation and compensation, if applicable, by the local governments[5]	6-24
	Marketing and promotion of land sale in our industrial town projects	12-24, along with land preparation and infrastructure construction
Stage Three	Sale of land use rights by the local governments (through public auction, tender or listing for sale process)[6][7]	3
Stage Four	Construction of properties in our industrial town by purchasers of land use rights[7]	12-24
	Management and operation of industrial town projects	As and when appropriate (continuous until the expiry of the co-operation agreement)

Notes:

(1) Our involvement in the key activities for each industrial town project depends on our scope of services we provide to develop such industrial town project and activities for different stages may be taken simultaneously. The duration as indicated for each key activity is for illustrative purposes only, and may be subject to changes in our business operations on a case-by-case basis. For example, it took only approximately one year from our signing of the co-operation agreement to the first sale of industrial land by the local government in Longhe Park, and we expect that there will be less than one year between the commencement of land preparation and the first sale of land in Longhe Resort. For details of our scope of services with respect to each of our industrial town projects, see "– Overview of Our Projects – Industrial Town Projects".

(2) The duration of each key activity is for illustrative purposes only, based on our internal record and estimates.

(3) Duration of this activity represents our estimated time for development of an entire given industrial town project.

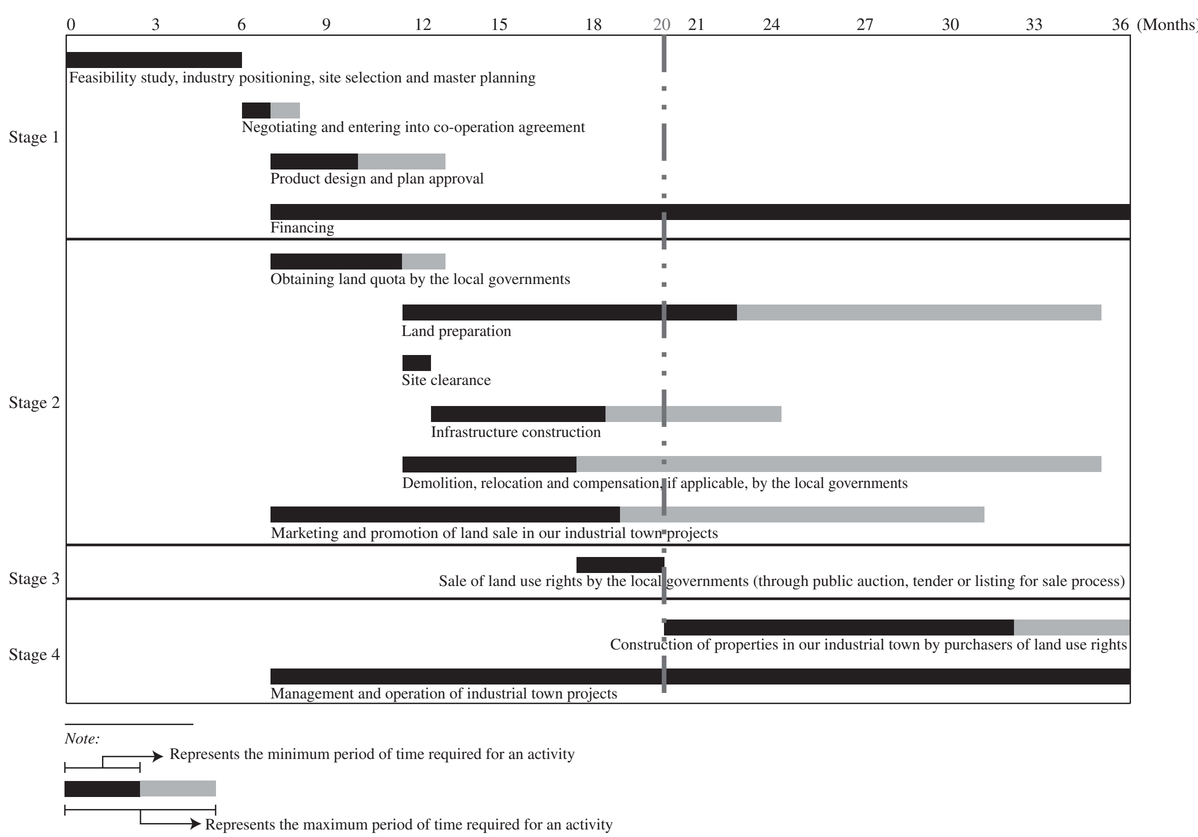
(4) Duration of this activity represents our estimated time for completing such activity on a site area of 1,000,000 sq.m. All activities, if applicable, may be concurrent events.

(5) We are merely responsible for making the payments incurred by the local governments in the demolition, relocation and compensation process, solely for them to compensate the incumbent residents and businesses.

(6) Our fee income derived from the land development of industrial town projects is recognized as revenue upon the execution of land grant contracts by the relevant local governments and purchasers of the relevant land and when the amount of fee income can be measured reliably.

(7) Duration of this activity represents our estimated time for a given potential enterprise or for us to purchase land and build properties in our industrial town project, as the case may be.

For illustrative purposes, the following chart sets forth the development progress of our industrial town projects, which indicates that it typically takes approximately not less than 20 months from our feasibility study to the first sale of land use rights by the local government.



Feasibility Study, Site Selection and Master Planning

We place a strong emphasis on selecting suitable locations for our projects and believe that site selection is a key factor in determining the success of an industrial town. Our site selection process is led by our strategic development center, supported by external consultants and our other departments. Our focus at this stage may change with the progress of our project development.

During this stage, we set our business development plan based on our strategic positioning after closely examining the urbanization trend in China, the PRC regulatory and economic environment, and new changes to regional development plans in China. We consider the development trends in different regions of China to formulate preliminary concepts of the areas into which we would like to expand, the number of projects we would like to develop, and the themes of our projects. We also actively collect industry information, policies and news announcements released by different industry consulting firms, local governments and competitors to facilitate our analysis and evaluation, and initiate discussions with various local government officials so that we can better understand how our projects can complement their needs.

We currently have three projects in Langfang, Hebei province which is a key developing city in the Beijing-Tianjin-Hebei region. It is located midway between Beijing, the capital of China, and Tianjin, one of the four centrally administered municipalities in China. Langfang is 50 kilometers to Beijing and 80 kilometers to Tianjin with well-developed transport network. Chuzhou, the city in which we currently have one project, is 50 kilometers from Nanjing, the provincial capital of Jiangsu province.

The factors we consider in assessing whether a site is suitable for industrial town development include, but not limited to:

- potential industries that may be developed in such area and whether our available resources are sufficient to support such development plan;
- proximity to major cities and the supporting transportation infrastructure;
- the local government's development objectives;
- the site's economic environment and urbanization rate;
- our ability to secure all the rights needed for the industrial town development;
- risks involved; and
- the estimated development costs and time and estimated investment returns.

Taking into account these factors, we outline a general master plan and may consult external professionals. At this stage, the master plan merely delineates general contours of the potential industrial town, such as the industrial town's general concept and theme, the possible division of land among residential, commercial and industrial purposes, and the likely plot ratio. The master plan will be amended over time as a result of further discussions between the relevant local government and us.

To the extent we consider necessary, we also conduct a financial analysis during this phase to assess the options available for obtaining financing for developing the project as well as the expected return on investment from the project. It is our aim to develop projects that will generate attractive return on investment.

Co-operation Agreement

After locating a suitable site that meets our criteria, we will, upon request, submit a proposal to the competent government authorities where the project is located. The proposal outlines our vision of the sort of industrial town that can be developed and the benefits it can be expected to bring to the local community. This is an interactive process in which we take into account the needs and aims of the local government.

We maintain close communication with the relevant local governments, through which we understand and take into account the specific needs and targets of such local governments. We and the local governmental authority will also negotiate on the general terms of our compensation. Upon agreement between the governmental authority and us on terms of the co-operation agreement, we will then enter into a legally binding co-operation agreement setting out, among others, the respective rights and responsibilities of the local government and us and the fee arrangement. As of the Latest Practicable Date, we entered into a co-operation agreement for Longhe Park and Longhe Resort, a co-operation agreement for Guangyang Park and a strategic investment agreement for Chuzhou Park, all of which are legally binding. For details of these agreements with the local governments, see "– Our Industrial Town Projects – Longhe Park – Major terms of the co-operation agreement", "– Our Industrial Town Projects – Longhe Resort – Overview", "– Our Industrial Town Projects – Guangyang Park – Major terms of the Guangyang Agreement" and "– Our Industrial Town Projects – Chuzhou Park – Major terms of the strategic investment agreement".

Industry Positioning, Project Design and Plan Approval

After we enter into a co-operation agreement with the local government, we will cooperate with consulting firms and town planning experts who provide strategic and technical advice services to formulate our conceptual plans into a detailed and in-depth project design plan. Our project design primarily covers the following aspects:

- *Industry positioning.* Each of our projects is industrial theme-focused. We strategically select themes of our industrial town projects and identify leading industry players in target industries by reviewing the economic development trend and the needs and resources of surrounding areas, and focus on themes that are not adopted by the business parks in surrounding areas, so as to differentiate our industrial town projects from the existing projects offered by our competitors. We also closely study government policy changes and industry trends by maintaining close relationships with industry experts, industry associations and other sources.
- *Project design.* We collaborate with internationally renowned urban planning firms to finalize the project design. For instance, with respect to Longhe Park, we retained a number of renowned planning and landscape architecture firms and consulting firms, including JURONG International Engineering (Suzhou) Company Limited (裕廊國際工程(蘇州)有限公司), Beijing THUPDi Architectural Design & Consulting Institute Co., Ltd.* (北京清華同衡規劃設計研究院有限公司) and China Academy of Urban Planning & Design* (中國城市規劃設計研究院) to engage in the planning and landscape design. The professional services provided by these urban planning firms include detailed studies for the planning of road network, optimizing human and traffic flows, design of greenery and public space, design of hospitals, schools, sports facilities and other public amenities based on density of

population, and determination of the height and density of buildings and the plot ratio based on requirements of the local government. We also tailor design of our industrial town projects based on themes selected by us to achieve industrial clusters and to offer a fully integrated working and living community for the residents in our industrial town projects (產城一體). We believe this will help to ensure that the needs of our target enterprises for locations, business spaces, industry-specific facilities and public amenities are satisfied. For example, some of the enterprises in our industrial town projects operate a labor-intensive business and we strategically locate certain residential properties in close proximity to such enterprises so as to support their residential needs.

- *Project approval.* Once a project design plan is made, it is submitted to the relevant local governments for approval. Such design plan may be amended for several times after discussions with industry experts and the local governments, as we intend to address the specific needs of local governments and resident enterprises, ranging from upgrading of local industry structures to support of employment and long-term economic growth.

Financing

We operate in a capital intensive industry that requires a high level of capital expenditure. Prior to commencement of a project, we typically conduct a feasibility study that includes a cash flow analysis. Upon approval of the master plan, the subsidiary in charge of the project will prepare an overall cash flow forecast. Actual cash flows are compared with the forecast on a quarterly basis to ensure strict control over cash flows. Our internal control department oversees this process and recommends rectification measures if needed.

As of March 31, 2014, our capital commitments that were contracted but not provided for in relation to the development of industrial town projects were RMB59.1 million, and such commitments are expected to be settled according to the progress of our industrial town projects. We finance our commitments primarily through internal cash flows and bank borrowings. We also intend to use a significant portion of the proceeds from the Global Offering to finance our expected future capital expenditures.

Obtaining Land Quota

Land quota is a measure taken by the PRC government to control land sale in a region. Local land authorities in China are required to obtain land quota from higher level of authorities to support their land sale plans. The relevant land use rights cannot be sold through public auction, tender or listing for sale process by the local governments in the PRC if such land is not assigned land quota. With respect to our industrial town development business, land quota may become invalid automatically if no action is commenced with respect to land requisition (徵地) (i.e. our land preparation process) within two years after the land quota is assigned. In addition, within two years after the completion of land requisition, if the relevant land with land quota obtained is not provided by the local government for sale, land quota available to such local government will be reduced correspondingly in the subsequent year. For details, see "– Overview of Our Projects – Industrial Town Projects". According to Longhe Agreement, the Anci government shall use its best efforts to ensure sufficient land quota for our development of Longhe Park and Longhe Resort. As such, for industrial town developers like us, we believe it is crucial to our success and commercially viable to maintain a considerable size of land with land quota obtained in our industrial town projects in order to reduce uncertainties and delays in obtaining land quota by the local governments which may in turn result in delays in sale of land developed by us. For details of the commercial rationale of maintaining a considerable size of land with land quota obtained, see "– Sustainability of Our Industrial Town Development Business".

To ensure all of the land developed by us is qualified for sale, we typically request the relevant local governments with which we enter into co-operation agreements to obtain land quota from higher levels of authorities before we commence land preparation and infrastructure construction on a certain land parcel. Based on our past experience, Anci District of Langfang, Hebei province typically receives land quota two or three times on an annual basis. We determine when to request the relevant local governments to obtain land quota, and how much such land quota is, based on our land development plan. We generally keep a considerable amount of land with land quota obtained to support our development plan in the subsequent two to three years. As of December 31, 2011, 2012 and 2013 and March 31, 2014, our land with land quota obtained amounted to 2,381,628 sq.m., 2,321,031 sq.m., 2,066,872 sq.m. and 1,965,540 sq.m., respectively. For details, see "– Overview of Our Projects – Industrial Town Projects".

Land Preparation and Infrastructure Construction

Site clearance and infrastructure construction

As we currently do not have a team of construction workers to conduct site clearance and infrastructure construction work, we primarily engage independent third-party contractors from time to time to provide various services in connection with site clearance and construction of infrastructure, including clearing and levelling the land, building infrastructure such as road, tap water, rainwater, waste water, electricity, gas, heat, communication facilities and television cables, planting trees and conducting other landscaping work. Upon completion of such preparation work, the land use rights underlying the relevant land lots are ready for sale by the local governments.

- *Selection of third-party contractors.* For the year ended December 31, 2013 and the three months ended March 31, 2014, we engaged Langfang Hongtai Construction Co., Ltd.* (廊坊市宏泰建設有限公司) (now known as Langfang Xinjun Construction Co., Ltd.* (廊坊新郡建設有限公司)) and Langfang Huanmei Landscape Engineering Co., Ltd. (廊坊市環美園林工程有限公司), two former related parties prior to December 2013, and two other independent third-party contractors for land preparation and infrastructure construction of our industrial town projects, with which we had a business relationship of more than three years. These contractors are construction companies specialized in site clearance or infrastructure construction. We typically select third-party contractors through direct contact and interview and request potential candidates to provide a proposal with a fee quote. We made similar contractual arrangements with contractors which were our former related parties and contractors which were Independent Third Parties. Our Directors confirm that our transactions with contractors which were our former related parties were conducted on normal commercial terms.
- *Construction contract terms*. The principal terms of the contracts with our contractors include the scope of work, a timetable for construction and fees and payment terms. In addition, the construction contracts typically contain warranties with respect to quality and timely completion of the construction work and generally provide for payments based on construction progress. The amount of payments made to contractors is primarily determined based on labor and material costs and construction progress, subject to adjustments set forth

in the construction contracts. We typically make payments according to the progress on a monthly basis, settle 95% of the total payment upon completion of the construction and retain the remaining 5% of the total payment to cover any contingent expenses incurred as a result of any construction defects within two years. We require the quality of construction to meet applicable laws and regulations as well as our specifications. In the event of a delay in construction or a breach of warranty, we may seek penalties or other remedies against the contractor. 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 contract resulting in impossibility of due performance, or (iv) a force majeure event. During the Track Record Period and up to the Latest Practicable Date, we did not experience significant delays or failure to meet our planned specification, timeline or budget with respect to our industrial town projects, nor did we experience any material disputes with any of our contractors.

- *Procurement*. The construction materials in our site clearance and infrastructure construction, such as concrete, tar and pipes, are generally procured by our contractors. We typically agree with our contractors on a fixed fee payable to such contractors for a certain work scope. In the event that the market price of construction materials fluctuated significantly, we typically re-negotiate and adjust the fees payable to them based on the then prevailing market price of our key construction materials. We did not take any hedging activities with respect to the price fluctuation in the construction materials for our site clearance and infrastructure construction during the Track Record Period. During the Track Record Period, our results of operation were not negatively affected by the fluctuations in the prices of our major construction materials for development of our industrial town projects in any material aspect.

- *Quality control and safety.* We have adopted a number of quality control and safety measures to monitor the site clearance and infrastructure construction conducted by our contractors, including selection of our contractors, procurement and inspection by our in-house team and third-party professionals in accordance with the applicable PRC laws and regulations. As of the Latest Practicable Date, our quality control team for industrial town development had 60 employees, most of which had two years of quality control experience or over. We take into account the candidates' track record, past experience, work quality, proposed delivery schedules, financial status and estimated costs for construction in selecting contractors. We also require our contractors to procure materials that meet the relevant national standards, and samples of such materials shall be tested on site before they are used. During the process of site clearance and infrastructure construction, we require our contractors to strictly follow the construction plan and safety procedures and inspect the construction progress, work quality and safety measures on an ad hoc basis. If we identify any potential quality or safety issues, we require our contractors to immediately suspend the construction work until such issues are solved to our satisfaction. Once site clearance and infrastructure construction is completed, we engage third-party project inspection companies to examine quality of the relevant construction work. The local governments will subsequently have land use rights to the relevant land sites publicly auctioned, tendered and listed, which demonstrates their approval of the land condition developed by us. We are not required to give any specific warranty with respect to the quality of land condition delivered by us. During the Track Record Period, we did not receive any complaints from the local governments about the quality of our site clearance or infrastructure construction work, nor did we experience any request from local governments to re-perform our site clearance and infrastructure construction work after the land sites completed were delivered to such local governments for sale.

Land preparation

Land preparation, referring to the demolition, relocation and compensation process, may be required during our development of industrial town projects, depending on status of land planned for development. In the event that demolition of existing properties and relocation and compensation of incumbent residents and businesses are required for our development of any industrial town project, we may enter into a framework agreement with the relevant local governments. In January 2008, we entered into one demolition framework agreement with the management committee of Longhe Park. Pursuant to such framework agreement, the management committee of Longhe Park is responsible for execution of the demolition, relocation and compensation process and we are responsible for making the payments incurred by the local government in such process solely for them to compensate the incumbent residents and businesses. The framework agreement also provides that the demolition and relocation process regarding a land parcel shall commence upon our notification to the local government and such process shall in general be completed by the local government within four months following our notification. Pursuant to the framework agreement, the payments made by us to the local government for the demolition and relocation process shall be held in a designated account and be used solely for compensation of the incumbent residents and businesses. During the Track Record Period and up to the Latest Practicable Date, we were not involved in the resettlement of incumbent residents and businesses.

The demolition and relocation fees and expenses are determined based on applicable laws, regulations and policies, both at a national and a local level, and primarily include land compensation fee (土地補償費), new construction land use fee (新增建設用地有償使用費) and land reclamation fee (耕地開墾費) to compensate the incumbent residents and businesses. Such fees and expenses may vary in different cities due to the different national standards applicable to such city, as well as the requirements set forth by the local governments from time to time. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, our demolition and relocation cost was RMB141.1 million, RMB51.4 million, RMB161.1 million, RMB64.8 million and RMB18.1 million, respectively, representing 24.5%, 15.3%, 40.8%, 76.5% and 17.5% of our total cost of sales and services during the same periods, respectively. For risks associated with demolition, relocation and compensation process in our development of industrial town projects, see "Risk Factors – Risks Relating to Our Business and Industries – The demolition of buildings and relocation of incumbent residents and businesses on the sites where our industrial town projects are built may result in delays in our development of projects and/or increase in our operating costs, and as we cannot accurately ascertain the expropriation and relocation costs for our industrial town projects, we may not be able to control these costs, thus our return for such projects may not be sufficient to meet these costs."

As the demolition, relocation and compensation process is executed by the local governments and we are merely responsible for making payments incurred in such process solely for them to compensate the incumbent residents and businesses, our legal advisor, Jingtian & Gongcheng, has advised us that our operation in connection with the aforesaid work does not violate the applicable PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delays in the demolition and relocation process in our current projects and we were not aware of any material conflicts or disputes between the relevant local government authorities and the local residents and businesses affected by demolition and relocation during our development of industrial town projects. We recorded nil gains or losses during the Track Record Period with respect to our costs incurred in the demolition, relocation and compensation process.

Marketing and Promotion of Our Industrial Town Projects

Our sales and marketing team starts identifying potential enterprises that may set up their businesses in our industrial town projects according to our industry positioning. We continue to approach and attract selected enterprises to purchase the land use rights underlying our industrial town projects through the public auction, tender or listing for sale process until all such land use rights are sold by the local governments. We are incentivized to attract large-scale market leaders to set up business in our industrial town projects in order to form industrial clusters according to our industrial positioning. The following sets forth the key aspects of our marketing and promotional activities for industrial town projects.

- *Conducting extensive market analysis.* We conduct extensive market analysis to identify leading enterprises in our target industries and have established a database of potential enterprises that may be interested in setting up businesses in our industrial town projects, taking into account their market position, general reputation and annual turnover. We also endeavor to attract leading enterprises that fit our industry positioning and are complementary to local economic growth and upgrades of local industry structures. To achieve these purposes, we closely study resources and data available from national and local governments, trade associations, industry publications, research firms and other sources with respect to industry analysis, statistics, trends and forecasts of selected industries, and have established a database of potential customers in such selected industries. Such extensive market analysis has not only enabled us to identify leading market players, but also afforded us solid knowledge to further understand the specific business needs of target enterprises and present to the local governments the potential benefits of having these target enterprises in our industrial town projects.
- *Addressing the specific business needs of target enterprises.* We proactively track and analyze leading enterprises in our target industries with regard to their needs for locations, business spaces and operating environments such as labor costs, supply of raw materials and target markets, and offer them with competitive terms to attract them to establish their businesses in our industrial town projects. Although we believe those industry players choose our industrial town projects based on a combination of factors such as potential industrial clusters, return on investments, local business environment, transportation network and follow-ups services provided by us, we typically promote our industrial town projects to individual enterprises on a case-by-case basis after carefully studying their specific business needs. For example, we have highlighted the fact that Langfang is a transport hub in northern China by both railway and highway, which is crucial for the success of logistics companies, when we approached certain logistics companies in Longhe Park.
- *Leveraging industrial clusters to generate new business.* We typically secure one or two leading enterprises in a selected industry first, and then leverage potential industrial clusters to generate new business. The presence of leading enterprises further draws other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our industrial town projects. For example, after FIH Electronics (Langfang) Co., Ltd.* (富智康精密電子(廊坊)有限公司) built its business in Longhe Park in 2006, eight other enterprises in the information technology industry have established their headquarters or facilities in Longhe Park as of the Latest Practicable Date. With close proximity to each other, the enterprises and companies in our industrial town

projects may benefit from increased interactions and knowledge exchanges among themselves, which, combined with the high-level concentration of industry-specific resources, talent, know-how and expertise in our industrial town projects, may in turn result in increased productivity and business innovations. The production and commercial activities so generated in our industrial town projects can further contribute to the growth of local economies, support employment and fuel the development of local start-up companies in the same industries.

- *Leveraging existing customers to generate repeat business.* Leading market players in our industrial town projects typically operate large-scale businesses across China, and may, from time to time, need business space in other regions of China. By leveraging the business relationship we have built with these enterprises, we endeavor to closely track their needs through regular communications and promote our projects in other regions of China. We also leverage referrals of the existing enterprises in our industrial town projects to identify potential enterprises which may be interested in establishing business in our industrial town projects. In addition, as of the Latest Practicable Date, we entered into strategic co-operation agreements with a number of companies, such as China Construction Second Engineering Bureau Ltd.* (中國建築第二工程局有限公司). According to such strategic co-operation agreements, we agreed to assist these companies to identify suitable land parcels in Longhe Park, Longhe Resort, Guangyang Park and Chuzhou Park, for their development of properties or construction of business in our industrial town projects. In the event that these companies decide to acquire land use rights of land parcels in our industrial town projects, they will acquire such land use rights from the local governments according to applicable laws and regulations, and we may further enter into a co-operation agreement with such companies with respect to development of particular land parcels, subject to mutual agreement between such companies and us.
- *Collaborating with local governments throughout our marketing process.* We believe close collaboration with local governments is crucial to our development of industrial town projects. We also arrange meetings between the local governments and these potential enterprises to ensure that the local governments are fully aware of the potential benefits and contributions that certain key enterprises may bring to the local economy. Through these updates and meetings, we endeavor to provide the local governments with sufficient information such that they may determine the scope and extent of any preferential policies or tax incentives to our target enterprises.
- *Highly-effective sales team with full support from senior management.* We have a highly-effective sales team to promote our industrial town projects, consisting of 90 employees as of the Latest Practicable Date. Our sales team is led by our chairman, Mr. Wang Jianjun. We provide competitive compensation packages to our sales representatives based on their performance. To ensure that our senior management and members have necessary knowledge and network with respect to target industries and market leaders, we encourage them to complete master programs in leading institutions in China.
- *Other marketing and promotional initiatives*: Our other marketing and promotional events include advertisements on newspapers and Internet to enhance the awareness of our industrial town projects, and on-site promotional activities by inviting target enterprises to visit the land sites and surrounding areas. We have also set up sales offices in Beijing, Hong Kong, Shenzhen, Langfang and Chuzhou to promote our industrial town projects.

Sale of Land Use Rights by the Local Governments

Once land parcels have been prepared and our target enterprises are ready to purchase the relevant land use rights, the local governments will have the relevant land use rights publicly auctioned, tendered or listed for sale, and pay us agreed fees within a period after the relevant land use rights are purchased and sale proceeds are received by the local governments. With respect to Longhe Park, save for a receivable of RMB201.1 million as of December 31, 2013, which decreased to RMB164.9 million as of March 31, 2014, arising from land development for sale in Longhe Park as a result of a purchaser's delay in payment of land premium, we typically received fees from the local government within three months following completion of the sale of land use rights of a particular parcel by the local government. We have fully received the outstanding balance of such receivable of RMB164.9 million in July 2014. From time to time, we also acquire, or form associate with third parties to acquire, land use rights for selected land sites through public auction, tender or listing for sale process when we believe the land sites have significant growth potential, to develop residential and commercial properties on such land sites. Such residential and commercial properties enable us to further supplement and diversify our sources of revenue, thereby generating a recurring cash flow. For details of our development of commercial and residential properties in our industrial town projects, see "– Our Residential, Commercial and Industrial Projects – Residential, Commercial and Industrial Properties in Longhe Park".

Management and Operation of Industrial Town Projects

We coordinate with local governments, in particular the management committee of industrial town projects set up by the local governments, to continuously manage and operate our industrial town projects once enterprises set up their businesses in our industrial town projects, and offer or make available a wide range of follow-up services to such enterprises, on a case-by-case basis. We currently offer such follow-up services in Longhe Park. For details, see "– Our Industrial Town Projects – Longhe Park – Management and operation services".

RISK MANAGEMENT WITH RESPECT TO OUR INDUSTRIAL TOWN DEVELOPMENT

As indicated by our business model, a portion of our revenue is derived from fees paid by the local governments to us, calculated with reference to the sale proceeds of land use rights in our industrial town projects and taxes paid by enterprises resident in our industrial town projects. However, we normally do not own land use rights of our industrial town projects, nor do we control the price of the sale of land use rights in our industrial town projects or the amount of taxes payable by enterprises resident in our industrial town projects. For risks associated with our industrial town development, see "Risk Factors". To mitigate these risks, we have taken the following risk management measures.

Relationship with the Local Governments

Due to the nature of our industrial town development business, we believe co-operation with the relevant local governments is essential, and our prospects and profitability will continue to depend on our co-operative relationships with the relevant local governments. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, our fee income derived from the development of industrial town projects was RMB693.2 million, RMB93.1 million, RMB1,025.4 million, RMB266.8 million and RMB174.1 million, representing 57.7%, 19.9%, 84.5%, 99.2% and 55.7%, respectively, of our total revenue during the same periods, all relating to our development of Longhe Park in Anci District of Langfang. The Anci government is the competent authority governing the administrative matters within Anci District of Langfang, Hebei province and Longhe Park is part of the area governed by the Anci government.

We are exposed to risks relating to the co-operation agreements which we entered into with the local governments. For details, see "Risk Factors – Risks Relating to Our Business and Industries – Our business model depends on maintaining good working relationships with PRC local governments and we are exposed to risks associated with entering into co-operation agreements with them". However, we believe it is commercially viable for us, and in our best interest, to continue to co-operate with the relevant local governments, and these risks are mitigated due to a number of factors.

- *Long-term co-operation agreements.* We have entered into long-term co-operation agreements with the relevant local governments. Our Longhe Agreement, for the development of Longhe Park and Longhe Resort, has a term of 50 years. Our Guangyang Agreement, for the development of Guangyang Park, has a term of 15 years. Our Chuzhou Agreement does not specify a term. These agreements enable us to secure a long-term co-operative relationships with the relevant local governments and give rise to a sustainable revenue stream. In addition, we are authorized on an exclusive basis to develop Longhe Park and Longhe Resort. Such collaboraton reduces competition and provides us with a more predictable income such that we can manage our cash flow and mitigate financing-related risks.
- *Multiple revenue streams.* In addition to our development of industrial town projects, we are also engaged in the development and sale of properties and lease of properties to individual and corporate customers. These businesses help us to capture synergies from our industrial town development business and establish additional sources of revenue and cash flows to fund our operations and growth.
- *Develop industrial town projects in other areas.* Subsequent to our success in the development of Longhe Park, we were invited by the local governments of Guangyang District of Langfang, Hebei province and Chuzhou, Anhui province, to develop Guangyang Park and conduct marketing and promotional activities for Chuzhou Park. We intend to devote considerable time and resources towards identifying marketing opportunities in other areas in China. We are currently closely studying the urban areas within the "Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) proposed by the PRC central government, and intend to seize opportunities to expand into these areas with a focus on the Beijing-Tianjin-Hebei region. For details, see "– Strategies – With roots in the Beijing-Tianjin-Hebei region, seek further market opportunities in other selected areas in China".

Sustainability of Our Industrial Town Development Business

Our existing and future business focus is industrial town development. Since we commenced development of Longhe Park in 2005, we have achieved significant growth in this business segment. By leveraging our in-depth understanding of the urbanization trend in the PRC, expertise and market reputation gained over the last decade and a wide range of services provided by us, we believe we are well positioned to achieve further growth in industrial town development. In particular, we believe our industrial town development business is sustainable, primarily based on the following factors, in addition to our competitive strengths as set forth in "– Competitive Strengths".

- *Considerable land quota obtained and maintained*. Land quota is required before the relevant land use rights can be sold through public auction, tender or listing for sale process by the local governments in the PRC. Such land quota is obtained by the relevant local governments from higher levels of governmental authorities. According to the Longhe Agreement, the Anci government shall use its best efforts to ensure sufficient land quota for our development of Longhe Park and Longhe Resort. For details of land quota, see also "– Development Process of Industrial Town Projects – Obtaining Land Quota".

  We believe it is crucial to our success and commercially viable to maintain a considerable size of land with land quota obtained in our industrial town projects in order to reduce uncertainties and delays in obtaining land quota by the local governments which may in turn result in delays in sale of land developed by us. In particular, we have taken into consideration the following: (i) certain industry leaders, which are our potential customers with respect to our development of Longhe Park, generally require a large amount of land, and once such business opportunities emerge, in order to attract those industry leaders to build businesses in Longhe Park and accelerate the land sale and purchase process, a sufficient reserve of land with land quota obtained is crucial for us to seize business opportunities in a timely manner; (ii) in line with the planned integration of the Beijing-Tianjin-Hebei region as well as the expected completion of construction of The Second Beijing Capital International Airport by 2018, market demand for land in Langfang may further increase in the foreseeable future, and a relatively large amount of land with land quota obtained in Longhe Park will place Longhe Park in a better position, as compared to the other competing business parks in Langfang, to attract potential customers, thereby enhancing the sustainability of our business; and (iii) as it typically takes a period of time for the local government to obtain land quota and land with land quota obtained needs to undergo further development processes prior to becoming ready for sale, an adequate amount of land with land quota obtained will allow us greater flexibility in managing our development process of Longhe Park. As such, we typically coordinate with the local governments to maintain land with land quota obtained to support our development plan in the subsequent two to three years.

  As of December 31, 2011, 2012 and 2013 and March 31, 2014, the land with land quota obtained in our Longhe Park amounted to 2,381,628 sq.m., 2,321,031 sq.m., 2,066,872 sq.m. and 1,965,540 sq.m., respectively. Among land with land quota obtained in Longhe Park, we select a portion of such land to conduct land preparation and infrastructure construction according to our development plan, after considering funding available to us to support such development plan, the prevailing land price and anticipated market demand. We devote significant marketing resources to facilitate the sale of such land of which we have completed land preparation and infrastructure construction. After such sale, we work closely with the local government to obtain new land quota for replenishment to maintain a land bank with land quota obtained to support our development plan in the subsequent two to three years and manage the land quota obtained according to our development plan.

We believe our strategy to (i) coordinate with the local governments to maintain an optimal level of land quota in our industrial town projects, (ii) convert only a portion of the land with land quota obtained into land suitable for sale, primarily through land preparation and infrastructure construction, and (iii) focus our marketing efforts to facilitate the sale of such land converted will continue to enable us to achieve sustainable growth and avoid any significant build-up of land developed by us.

- *Large-size industrial town projects and long-term co-operative agreements*. Despite the fact that we only had four industrial town projects as of the Latest Practicable Date, each of them has a relatively large planned site area for development. The total planned site area of Longhe Park, Longhe Resort, Guangyang Park and Chuzhou Park amounted to 67.5 million sq.m. Based on our current estimates, the sale of land use rights for Longhe Park, Longhe Resort, Guangyang Park and Chuzhou Park is expected to be completed by 2024, 2035, 2026 and 2017, respectively. In addition, we typically enter into long-term co-operative agreements for the development of industrial town projects to ensure a sustainable development process. For example, our Longhe Agreement, for the development of Longhe Park and Longhe Resort, has a term of 50 years. Our Guangyang Agreement, for the development of Guangyang Park, has a term of 15 years.

- *Strong marketing capabilities*. We have strong marketing capabilities to support sustainable growth, and have built business relationships with many high quality enterprise customers, which are important to us in replicating our current business model into other industrial towns. For details, see "– Competitive Strengths – We possess strong capabilities in attracting businesses and investment to industrial towns, and have established strategic cooperation relationship with many high quality enterprise customers". In addition, as our marketing activities with respect to the sale of land use rights to industrial towns developed by us are initiated and conducted by ourselves, we are able to adjust the marketing activities for land sale in two adjacent projects to reduce pressure on land prices.

Management of Land with Land Quota and Land that is Ready for Sale

Under the applicable PRC laws, land quota may become invalid automatically if no action is commenced with respect to land requisition (徵地) (i.e. our land preparation process) within two years after the land quota is assigned. In addition, within two years after the completion of land requisition, if the relevant land with land quota obtained is not provided by the local government for sale, land quota available to such local government will be reduced correspondingly in the subsequent year. In light of such requirements, we have adopted a number of internal control measures to ensure our full compliance with the relevant PRC laws.

- We have set up a team, headed by our executive Director, Wang Yagang, and comprising members from our land preparation department, to closely monitor the movement of land with land quota obtained and land that is ready for sale. This team will coordinate with our land preparation department, planning and design department, marketing department and financing department to set up development plan for land with land quota obtained and land that is ready to sale with a timetable that is in compliance with the relevant PRC laws. This team will be also responsible for supervising execution of such plan. In addition, this team will lead the internal review of our policies regarding land with land quota and land that is ready for sale on a regular basis to ensure our policies are adjusted according to the prevailing market conditions, changes in applicable PRC laws and our development plan.

- We have established a database of land with land quota obtained. We will further enhance this database to include further details of our land bank and particulars of land with land quota obtained and land that is ready for sale, such as the use, location and size of the relevant land, status and ages of the relevant land, and our development plan for the relevant land. Information in such database will be updated on a regular basis. A notification system will also be built in to ensure that our relevant departments will be reminded when certain actions under our development plan need to be taken.

- We will conduct an aging analysis of land with land quota obtained and land that is ready for sale on a semi-annual basis, and identify land aged more than one year. Once such aged land is identified, we will take actions under the applicable PRC laws to ensure that the relevant land quota will not become invalid and communicate closely with the local government for the sale of such land, as the case may be.

- We coordinate with our internal and external legal counsels from time to time to ensure that our management is updated if there is any change in the PRC laws with respect to the land quota and land that is ready for sale. Should the applicable PRC laws change, we will arrange legal counsels to provide trainings for our management members and relevant employees.

Timing of the Sale of Land Use Rights

Under our co-operation agreements with the local governments, we are typically entitled to prepare a plan regarding the timetable of the sale of land use rights in our industrial town projects and the local governments are responsible for the execution of such plan upon its approval of such plan. As such, we believe we have certain influence over the timing of the sale of land use rights in our industrial town projects. If for any reason our anticipated volume of land use rights in any given year is not sold by the local governments, our cash flow may be adversely impacted. However, alternative forms of financing may be available to bridge any liquidity gaps.

Cash in hand

Cash in hand are usually generated and accumulated once land sites developed by us are sold by the relevant local governments and through other fund raising activities. Our balance of cash and cash equivalent was RMB266.6 million and RMB696.6 million as of March 31, 2014 and June 30, 2014, respectively.

Cash collection from development of residential, commercial and industrial properties

During the Track Record Period, we acquired land parcels for our development of residential, commercial and industrial properties for sale or rent, which provided us with a steady revenue channel. Our revenue from sales of properties and property leasing accounted for 42.3%, 80.1%, 15.5%, 0.8% and 44.3% of our total revenue for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, respectively. As of May 31, 2014, we have acquired land sites of 2.0 million sq.m., 32,000 sq.m. of which have not yet been granted land use rights certificates. For further information, see "– Our Residential, Commercial and Industrial Projects". As of May 31, 2014, our land bank of GFA was 2.6 million sq.m. We currently expect these land reserves to be sufficient for our development needs for the next three to four years, and to help sustain our cash flow and profitability for a considerable period, as the land cost is locked in and we anticipate that we will be able to enjoy long-term land value appreciation benefits.

Bank borrowings

In order to maximize our funding options, we have established banking relationships with a number of PRC banks, including China Development Bank* (國家開發銀行), Industrial and Commercial Bank of China* (中國工商銀行), Agricultural Bank of China* (中國農業銀行), Industrial Bank* (興業銀行), Bank of Hebei* (河北銀行), Rural Credit Cooperative of Langfang* (廊坊市城郊農村信用合作聯社) and Bank of Langfang* (廊坊銀行).

As of March 31, 2014, our gearing ratio was 49.7%. We believe that, as and when we continue to generate revenue from Longhe Park and expand our operations in Langfang, Hebei province and Chuzhou, Anhui province, we are able to increase our leveraging ability and obtain additional bank facilities to support our operations. Further, upon completion of the Listing, we believe we will have more access to the local financial markets, as well as international equity and debt capital markets, for fundraising.

Pricing of the Sale of Land Use Rights

As the land use rights of land parcels developed by us are generally sold to the open market through public auction, tender or listing for sale process, we believe competition among potential bidders will result in a transaction price which reflects the actual market value of the land use rights concerned.

We typically prioritize preparation of land sites for industrial purposes and devote significant efforts to first attract large-scale renowned industry players to acquire land sites designated for industrial use, the selling price of which is relatively lower yet stable as compared to that of residential or commercial land sites. We take this approach primarily because large-scale industry players, once establishing their businesses in our industrial town projects, will speed up the population density in the surrounding areas and generate significant needs for residential and commercial properties and facilities, which in turn enhance the value of land sites designated for residential or commercial purposes in our industrial town projects.

Furthermore, although we cannot control the sale of a particular land site, we are responsible for attracting and securing potential purchasers of such land site. As such, we adjust our marketing progress from time to time so as to ensure we not only generate steady cash flow, but also maximize the return we may realize. Although the average selling price of land in Longhe Park fluctuated during the Track Record Period, we generated increasing net cash from operating activities of RMB47.5 million, RMB127.2 million and RMB414.6 million in 2011, 2012 and 2013, respectively, whereas for the three months ended March 31, 2014, we used net cash of RMB26.6 million in operating activities.

Taxes Paid by Resident Enterprises in Our Industrial Town Projects

For some of our projects, a portion of our revenue received from the local governments are calculated based on the tax amount paid by enterprises resident in our industrial town projects, over which we have no control. During the Track Record Period, we did not recognize any revenue calculated with reference to a portion of the taxes paid by enterprises resident in our industrial town projects, primarily because the tax amount paid by resident enterprises was not sufficient to offset the operating costs incurred by the management committee of the Longhe Projects, primarily due to Longhe Park was still at its early development stage. We expect such revenue will grow in the foreseeable future in line with the increased number of enterprises in our industrial town projects and their tax contribution to the local area. When we design our industrial town projects, we make efforts to choose industries with significant growth potentials as themes of our industrial town projects. In addition, we also endeavor to strategically select key enterprises and other industry players which have consistently demonstrated records of solid financial performance to set up businesses in our industrial town projects. During the Track Record Period, we have coordinated with the management committee of Longhe Park to request certain enterprises to make a refundable deposit. Such deposits are primarily requested to demonstrate the financial ability of selected potential enterprise customers during our marketing process as we deem appropriate to reduce our marketing risks before we devote significant resources to promote sale of land use rights in our Longhe Park to the relevant potential enterprise customers. Such deposits are refundable regardless whether the relevant enterprises eventually purchase land use rights in Longhe Park. As of the Latest Practicable Date, approximately 50 enterprises have acquired land sites in Longhe Park to build their businesses, including subsidiaries of a number of market leaders such as FIH Electronics (Langfang) Co., Ltd.* (富智康精密電子(廊坊)有限公司), Langfang Global Logistic Properties Warehouse Co., Ltd. (廊坊普洛斯倉儲有限公司), Langfang China Construction Machinery Co., Ltd.* (廊坊中建機械有限公司), Dongyi Risheng Furniture Co., Ltd.* (東易日盛家俱有限公司), Langfang Red Star Macalline Real Estate Co., Ltd.* (廊坊市紅星美凱龍房地產開發有限公司), Langfang Zhenghetai Real Estate Development Co., Ltd.* (廊坊市證合泰房地產開發有限公司), Evergrande Langfang Real Estate Development Co., Ltd.* (恒大廊坊房地產開發有限公司), Beijing Capital Development Co., Ltd.* (北京首都開發股份有限公司) and Kinghand Property Group Company Limited* (京漢置業集團股份有限公司).

Payment by the Local Governments

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, none of our existing co-operation agreements with the local governments in China was terminated or amended with a downward adjustment of fees payable us under such co-operation agreements. In 2013, one purchaser of land use rights to Longhe Park did not pay the full land premium to the relevant local government authorities within the pre-agreed timeline, and therefore we recorded a receivable of RMB201.1 million as of December 31, 2013 arising from land development for sale, which decreased to RMB164.9 million as of March 31, 2014. According to the relevant land grant contract dated August 13, 2013 entered into between the purchaser and Langfang Land and Resources Bureau (廊坊市國土資源局), the purchaser shall pay the land premium of RMB364 million in two instalments. The first instalment of RMB182 million shall be paid before September 12, 2013 and the second instalment of RMB182 million shall be paid before November 12, 2013. It is not specified in the contract that such payment term is subject to any condition that the relevant land parcels must be of a particular state. However, as advised by the Company's PRC legal advisor, Jingtian & Gongcheng, according to the relevant PRC laws, the land parcels shall be in a state readily available for development when the relevant land use right is transferred to the purchaser.

According to a confirmation letter issued by the government of Anci District of Langfang, Hebei province in June 2014, several underground electrical cables and optical cables crossing over the land parcels were pending removal by the owners of such cables, which caused a delay in the land purchaser's payment of relevant land premium. As the land parcels were still pending to be vacant of encroachment, they were not in a state readily available for development. According to such confirmation letter, (i) the government of Anci District has urged the management committee of Longhe Park to coordinate with the owners of such cables to remove the relevant cables; (ii) the purchaser has agreed to pay the land premium in full upon removal of such cables; and (iii) if the purchaser still fails to pay the land premium in full upon removal of such cables, the government of Anci District will urge the relevant land authorities to charge late fees on the purchaser, and, if applicable, terminate the land grant contract according to the relevant PRC laws. Based on our Directors' knowledge and enquiries with the local government in Langfang, the local government has been actively negotiating with the purchaser regarding payment of the outstanding land premium and the relevant cables have already been removed from the land parcels. In the first quarter of 2014, we had received an additional amount of RMB36.2 million from the local government for the land premium paid by the purchaser, and in July 2014, we have fully received the outstanding balance of the receivable of RMB164.9 million from the local government.

The local governments do not guarantee any payment of land premium by purchasers of land use rights to land in industrial towns developed by us, nor are they specifically required to take actions to collect such payment from purchasers of land use rights under our co-operation agreements. We do not have recourse against the local government under the Longhe Agreement if the land purchasers fail to pay land premium to the relevant local government. However, under the Longhe Agreement, as long as any land purchasers enter into land grant contracts and pay land premium to the relevant local government, such local government is obligated to pay us fees according to the terms and conditions of the Longhe Agreement.

Under the PRC laws, a number of measures are required to be taken by the local governments in respect of the collection of land premium. According to the Notice on Increasing the Supply of, and Strengthening the Supervision over, Land for Real Estate Development Purposes (關於加強房地產用地供應和監管有關問題的通知) issued on March 8, 2010 by the MLR, all participants in the public auction, tender or listing for sale process shall pay a deposit representing not less than 20% of the minimum land premium. Once the relevant land use rights are sold through the public auction, tender and listing for sale process, the purchaser must enter into a land grant contract with the local government within 10 business days, and pay 50% of the land premium within one month after the date of the land grant contract. The remainder of the land premium shall be paid by the purchaser according to terms of the land grant contract and in any event within one year after the date of the land grant contract. The land authorities in China are also required to establish a database to record the credibility of land purchasers. If a purchaser fails to enter into a land grant contract within a certain period of time, the mandatory deposit paid by such purchaser will be forfeited by the local government. If such purchaser does not pay the land premium in full according to the terms of the land grant contract, the relevant land authorities shall issue a public notice with respect to such default and update the credibility database of land purchasers accordingly. The land purchaser failing to pay land premium in full according to the terms of land grant contract may not be allowed to participate in the local public auction, tender or listing for sale process during a certain period of time thereafter. According to Notice of Strictly Strengthening the Implementation of Policies about Lands for Property Development to Improve the Healthy Development of Land Market (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) issued on December 19, 2010 by MLR, land authorities in China shall closely review the credibility of bidders for land use rights and check the credibility database of land purchasers during such review process. According to this notice, if there is any historical violation or default of land grant contracts by any bidder for land use rights or its controlling shareholders, such bidder shall not be allowed to pass the credibility test. Before the relevant violation or default of land grant contracts is fully rectified, such bidder or its controlling shareholders shall not be allowed to participate in any public auction, tender and listing for sale process. According to Penalties for Violation of Land Administration Regulations (違反土地管理規定行為處分辦法) issued on June 1, 2008 by MLR and other authorities, land authorities and the relevant officials may be subject to various penalties if they fail to exercise administrative powers under the relevant PRC laws with respect to sale of land use rights.

In addition, land grant contracts in China generally provide that the purchaser shall pay late fees if there is any delay in payment of land premium and deposit paid by the purchaser is not refundable if such purchaser fails to pay the full amount of land premium within a period of time. Pursuant to such land grant contracts, the relevant local governments may also require the purchaser failing to pay land premium within a certain period of time to be liable for the losses incurred by such local governments, and terminate the land grant contracts if the delay in payment is over 60 days and the relevant local government has given a final notice with respect to such payment of land premium. Upon termination of the land grant contracts by the local governments, we may include the relevant land in our subsequent land sale plans for further sale by the local governments. Furthermore, in practice the relevant local governments typically communicate closely with purchasers of land use rights and seek to collect outstanding amount of land premium from such purchasers, taking into consideration their own economic interest in the land premium, which is typically considered an important source of revenue to the local governments in China.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not experience any delay in payments from the local governments, nor did we experience any delay in sale of land use rights by the local governments, in each case in any material respect with respect to our development of Longhe Projects. For details of the aforementioned delay in payment, see "Risk Factors – Risks Relating to Our Business and Industries – We do not decide on the exact timing of the sale of land use rights in the industrial town projects we develop; the selling price of such land use rights is subject to market factors through the public auction, tender or listing for sale process; and the percentage of fees payable to us may fluctuate due to changes in the relevant law, regulation or government policy."

OUR INDUSTRIAL TOWN PROJECTS

Longhe Park (廊坊龍河高新技術產業區)

Overview

Longhe Park is located in the south of downtown Langfang, Hebei province, 50 kilometers to Beijing and 80 kilometers to Tianjin. Langfang is a key developing city in the Beijing- Tianjin-Hebei region. It is in close proximity to multiple transport hubs of air, rail, waterway and highway networks, including Beijing-Shanghai High-Speed Rail (京滬高鐵), Beijing International Airport (首都國際機場), The Second Beijing Capital International Airport under development, Tianjin Binhai International Airport (天津濱海國際機場), Tianjin Port (天津港) and a number of railways and highways.

We started our development of Longhe Park in 2005. The total planned site area of Longhe Park is 28.0 million sq.m. and is expected to accommodate a population of 280,000. From August 2005 to March 31, 2014, land use rights over industrial land parcels of 2.8 million sq.m. and land use rights over residential and commercial land parcels of 1.4 million sq.m. were sold by the local government, respectively, representing 30.6% of the total saleable industrial land parcels and 13.8% of the total residential and commercial land parcels, respectively. Based on the current pace of land use right sales for Longhe Park and taking into account the total area over which land use rights are available for sale, sale of land use rights for Longhe Park is expected to complete in 2024.

The following are the milestones of Longhe Park:

August 2005	•	Entered into co-operation agreement with the local government
January 2006	•	Marketing and promotion activities commenced
March 2006	•	Preparation of land and relocation of residents commenced
December 2006	•	First sale of industrial lands
May 2008	•	First enterprise completed its construction of production facilities on industrial land parcels
November 2009	•	First sale of residential/commercial land

Awards

Longhe Park has won a number of awards and honors in recent years. For details, see "– Awards".

Industry themes

Longhe Park is a multi-theme industrial town. Over the recent few years, we have developed industry themes of information technology industry, advanced equipment manufacturing, modern services industry and residential and commercial property development. The following table sets forth the aggregate site area and number of enterprises by industry theme as of March 31, 2014.

	Site area	Number of enterprise customers
Information technology	924,283	7
Advanced manufacturing	1,188,242	25
Modern services	614,884	4
Property development	1,416,997	11
Others(1)	86,097	1
Unsold(2)	15,263,297	–
Not for sale(3)	8,506,200	–
Total	**28,000,000**	**48(4)**

Notes:

(1) Represents number of enterprises in other industry themes, such as heat suppliers.

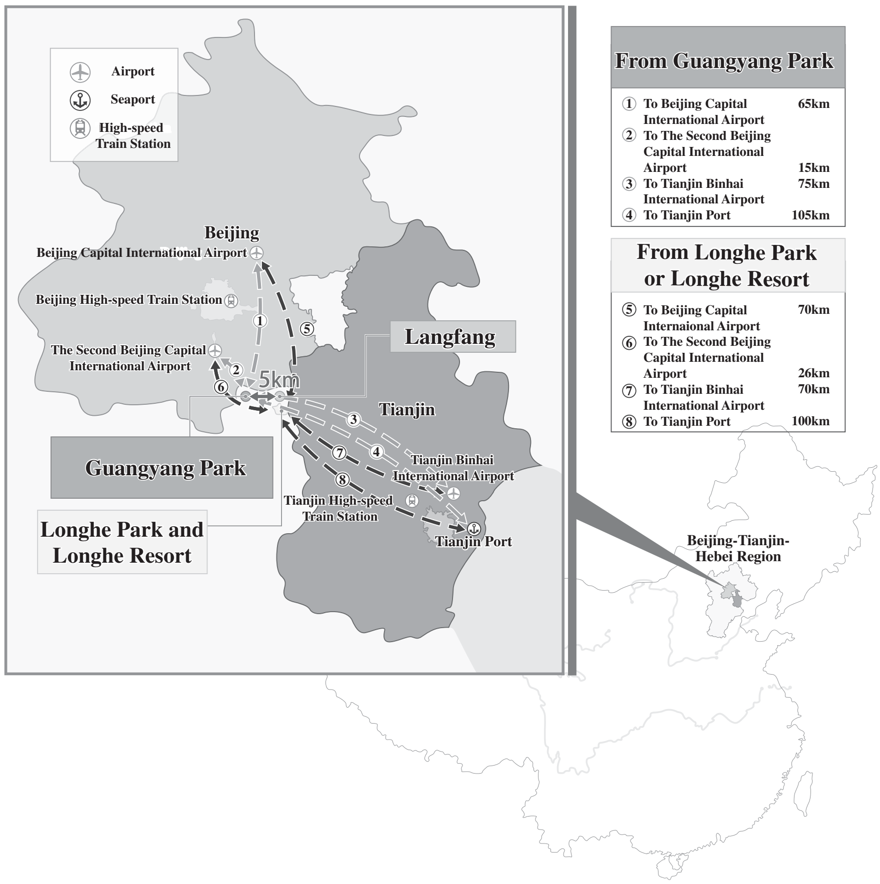
(2) Represents saleable land that has not yet been sold.

(3) Represents land for roads and greenery space

(4) Among the 48 enterprises, four are our subsidiaries. One enterprise made two purchases and therefore it was counted as two enterprises for illustration purposes.

Location

The following map illustrates the geographic location of Longhe Park, Longhe Resort and Guangyang Park.



Longhe Park is located in the south of downtown Langfang, Hebei province, which has a developed transport network in north China.

- *Railway.* Langfang is a main hub for China's five major railway networks, consisting of Beijing-Shanghai High-speed Railway (京滬高鐵), Beijing-Kowloon Railway (京九鐵路), Beijing-Shanhaiguan Railway (京山鐵路), Dalian-Qinhuangdao Railway (大秦鐵路), and Tianjin-Baoding Railway (津保鐵路). Longhe Park is located within 1.8 kilometers to the Langfang High-speed Railways Station. Through the extensive railway networks, travel time from Langfang to Beijing is only approximately 20 minutes.

- *Air.* Longhe Park is located within 70 kilometers to Beijing Capital International Airport (首都國際機場) and 70 kilometers to Tianjin Binhai International Airport (天津濱海國際機場), which are two major airports in China. In addition, in December 2012, the State Council of China approved construction of The Second Beijing Capital International Airport located within 26 kilometers to Longhe Park, which is expected to be completed in 2018 and become a key international airport in northern China. Upon completion of such new airport, Langfang is expected to be one of the very few cities in China with easy access to three major airports, connecting it to all major cities in China and key international destinations by numerous domestic and international airlines. We believe that construction of The Second Beijing Capital International Airport may attract more enterprises to set up businesses in Longhe Park and further increase land value of the surrounding area.
- *Port.* Longhe Park is located within 100 kilometers to Tianjin Port (天津港), which is the largest port in north China and the world's fourth largest port by throughput tonnage in 2012, trading with more than 500 ports in 180 countries and territories around the world.
- *Highways.* Longhe Park is located within 35 kilometers of the intersections of the Beijing-Shenyang (京沈), Beijing-Kaifeng (京開), Beijing-Harbin (京哈), Beijing-Fuzhou (京福), Beijing-Shanghai (京滬)，Beijing-Tianjin (京津) and Tianjin-Baoding (津保) Highways.
- *Local transport.* As of March 31, 2014, we have built local roads of approximately 43 kilometers for Longhe Park since we commenced development of this project in 2005. We expect to construct a total of local roads of 21 kilometers for Longhe Park by 2016. In addition, we have also worked with local governments to create a comprehensive local cargo and passenger transportation network surrounding Longhe Park. Currently there are more than seven public transport routes which link Longhe Park to downtown Langfang through local buses.

Master plan of Longhe Park

The land site of Longhe Park consisted primarily of undeveloped land. The following table sets forth the master plan of Longhe Park.

Classification	Status as of March 31, 2014	Site area	% of total site area
		(sq.m.)	
Residential and commercial area	• Sold	1,416,997	5.0%
	• Planned for future sale	8,871,303	31.7%
	Subtotal	10,288,300	36.7%
Industrial area	• Sold	2,813,505	10.1%
	• Planned for future sale	6,391,995	22.8%
	Subtotal	9,205,500	32.9%
Non-sale area	• Roads	4,431,300	15.8%
	• Greenery space	4,074,900	14.6%
	Subtotal	8,506,200	30.4%
Total		**28,000,000**	**100%**

The current layout map of Longhe Park is as follows:

Major terms of the co-operation agreement

On August 5, 2005, we entered into a legally binding Longhe Agreement with the local government of Anci District of Langfang, Hebei province ("Anci government") to develop the Longhe Projects, as the first and second phases of the development plan under the Longhe Agreement, respectively. We further entered into three legally binding supplemental agreements on December 18, 2008, January 28, 2013 and December 5, 2013, respectively, to amend and supplement the original co-operation agreement. The Anci government is the competent authority governing the administrative matters within Anci District of Langfang, Hebei province and Longhe Park is part of the area governed by the Anci government. We started our work relationship with the Anci government since or commencement of developing Longhe Park in 2005. The key terms of the Longhe Agreement are set out below.

- *General.* The Anci government authorizes us to (i) exclusively develop the lands within the Longhe Projects, including the preparation of land and construction of infrastructure, and (ii) exclusively promote the sale of land within the Longhe Projects to third parties and provide comprehensive services to such enterprises resident in the Longhe Projects. The term of such authorization is 50 years, starting from August 2005. During such term, the Anci government shall not develop the Longhe Projects by itself or through any third parties other than us, and the authorization under the Longhe Agreement shall not be amended or withdrawn without our consent.

- *Principle of co-operation.* The principle of co-operation is explicitly set out in the Longhe Agreement. According to the Longhe Agreement, both parties shall use their experience in developing industrial towns in China and overseas countries and develop the Longhe Projects based on a market-oriented co-operation between the local governments and enterprises. According to the Longhe Agreement, such co-operative relationships has been established since the first co-operation agreement was entered into on August 5, 2005, and re-affirmed in the subsequent supplemental agreements.

- *Land area and phases of development.* The area of the land for development under the Longhe Agreement is approximately 37.5 million sq.m. and such development shall be divided into two phases. The first phase covers 28.0 million sq.m., which is designated for the development of information technology industry, equipment manufacturing, environmental industry, logistics industry, modern services industry and other industries, along with residential and commercial properties. The second phase covers 9.5 million sq.m., which is designated for the development of vacation properties and facilities, business headquarters and culture business.

- *Authorization.* We are authorized to:

  – raise and provide funds for land preparation, including demolition and relocation fees and expenses, and other costs for land preparation;

  – clear and level land sites and install infrastructure such as road, tap water, rainwater, waste water, electricity, gas, heat, communication facilities and television cables;

  – promote the market awareness of the Longhe Projects and the sale of land sites to enterprises to set up their businesses within the Longhe Projects, in particular, enterprises that are engaged in information technology industry, advanced equipment manufacturing, modern services industry, and residential and commercial property development;

  – conduct research on the selection of themes of the Longhe Projects, coordinate with qualified third parties to design the project, and attend meetings with government authorities on project planning and design, so as to obtain the relevant approvals;

  – provide consulting services to resident enterprises in the Longhe Projects on business registration, project application, environmental assessment of projects and application of permits and licenses; and

  – coordinate with qualified service providers to provide property management service, cleaning, landscaping and maintenance of infrastructure.

- *Sale of lands.* We are responsible for preparation of a plan regarding the sale of land use rights covering the Longhe Projects, and the Anci government shall execute such plan, once approved, and complete sale of the relevant lands. Upon completion of the sale of lands, the Anci government shall make payments to us in accordance with the Longhe Agreement.

- *Rights of the Anci government.* Anci government is entitled to exercise administrative power over the Longhe Projects, and establish administration authorities within such projects. The Anci government is also entitled to convert land use rights from farmland to land eligible for development, and undertake demolition and relocation works associated with development of the Longhe Projects.

- *Obligations of the Anci government.* Anci government shall (i) comply with applicable national and local laws, regulations and policies, and assist to obtain approvals for the planning of the Longhe Projects; (ii) ensure that development of new industrial, residential and commercial projects shall be directed to the Longhe Projects on a priority basis; (iii) use its best efforts to ensure sufficient land quota for the development of the Longhe Projects, and undertake the demolition and relocation of incumbent residents and businesses; (iii) implement plans prepared by us regarding the sale of land use rights covering the Longhe Projects, and promote the sale of land according to the needs of enterprises that are interested in setting up their businesses in the Longhe Projects; and (iv) provide support with respect of our financing needs arising from project development.

- *Our rights.* We have the exclusive rights to develop the Longhe Projects. We are also entitled to (i) participate in the government consultation relating to key project decision making; (ii) prepare project development plan and annual land use plan; (iii) attract enterprises to set up businesses in the Longhe Projects; (iv) prepare land development plan; and (v) receive compensation from the Anci government according to the terms and conditions of the Longhe Agreement.

- *Our obligations.* We shall promote the sale of land use rights covering the Longhe Projects, enhance the infrastructure construction in it and finance the development of the Longhe Projects. We shall also ensure that the infrastructure on land sites of an aggregate of 37.5 million sq.m. is in general improved with respect to road and other facilities after December 5, 2018.

- *Fee income derived from land development.* Under the Longhe Agreement, it is agreed that we are entitled to receive payments for our land development, calculated with reference to the net sale proceeds of land use rights covering the Longhe Projects, as consideration for our land preparation and infrastructure construction of all the land sites of the Longhe Projects. We shall receive the sum of the following payments from the Anci government promptly after the land use rights of each land parcel are sold and purchase price is paid by the purchaser of such land parcel:

  – 100% of the net proceeds for the sale of lands for industrial, or logistics or warehouse uses or infrastructure uses, plus the reimbursement of fees and expenses we have paid for demolition and relocation and land preparation; and

– 80% of the net proceeds for the sale of lands for residential, commercial, tourism, entertainment, cultural or service purposes, plus the reimbursement of fees and expenses we have paid for demolition, relocation and land preparation, provided that this formula of calculation applies for the period between August 5, 2005 and December 31, 2019 only and is subject to mutual agreement for the period on and after January 1, 2020.

The net proceeds for the sale of lands referenced above represent the sale proceeds of land use rights, after deduction of (i) taxes and fees that are payable to governmental authorities of higher levels under applicable PRC laws and regulations; and (ii) expenses paid by us for land preparation.

The Longhe Agreement further provides that starting January 1, 2020, 5% of the net proceeds for the sale of lands for residential, commercial, tourism, entertainment, cultural and service purposes shall be withheld in an escrow account managed by both the Anci government and us, or a person designated by the Anci government and us, and used for the operation of the Longhe Projects. Neither the Anci government nor we shall use the funds held in such escrow account without consent of the other party.

In the event that the fees payable to us in connection with our land development are not sufficient to cover our costs, the Anci government is not responsible for any shortfall.

- *Revenue derived from marketing and other activities.* Under the Longhe Agreement, payment to us on an annual basis as consideration for our marketing and promotion of the Longhe Projects and other comprehensive services provided by us is calculated according to the formula below:

  Payment = D x E – F, in which,

  D represents the portion of taxes paid by enterprises resident in the Longhe Projects for a given year that are retained by the Anci government, after deducting the tax benefits granted to resident enterprises in Longhe Park;

  E represents 60% from 2008 to 2012, or 55% from 2013 to 2017, or 50% from 2018 to 2022, or 45% from 2023 to 2027, or 40% from 2028 until the end of the term of the Longhe Agreement; and

  F represents the amount of operating costs incurred by the management committee of the Longhe Projects in a given year. We are responsible for the operating costs incurred by the management committee of the Longhe Projects irrespective of whether we have generated revenue from our marketing and other activities. During the Track Record Period, such operating costs primarily included salaries for the management committee staff, administrative expenses as well as costs for its maintenance and operation of Longhe Park. For details, see "Financial Information – Description of Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Cost of sales and services".

In the event that the fees payable to us above are not sufficient to cover our costs for the marketing and promotional costs for the Longhe Projects and provision of other comprehensive services, the Anci government is not responsible for any shortfall.

- *Breach of contract and termination clause:* We are obliged to construct infrastructure for the Longhe Projects according to our annual investment plan. Should we violate such obligation, the Anci government may terminate our rights to develop the Longhe Projects. Either party to the Longhe Agreement may not terminate the Longhe Agreement without a due cause.

- *Others:* In the event that government authorities at higher levels change any policies relating to land use rights, taxes or any other matters that may have a material impact on the parties to the Longhe Agreement, the Anci government and we shall re-negotiate the Longhe Agreement so as to achieve further agreement.

Agreement with the management committee of Longhe Park

We further entered into an agreement with the management committee of Longhe Park (廊坊龍河高新技術產業區管理委員會) on March 23, 2014. According to this agreement, the management committee of Longhe Park agreed to, during a 10-year period from 2005 to 2015, pay subsidies to enterprises establishing their businesses in Longhe Park. We will bear the cost of such subsidies and have discretion in deciding the amount and time of payment of such subsidies. In practice, we usually discuss with the local government when we exercise our discretion in deciding the amount to be paid to an enterprise and negotiate with such enterprise regarding the actual payment schedule of the subsidies. According to the agreement, the amount of subsidies paid in each year shall not exceed 35% of the total land premium generated from Longhe Park in that year. When deciding the amount of subsidies paid to a certain enterprise, we typically take into consideration its growth potential in terms of business operations in our industrial town projects, production capacity, research and development capabilities and the potential clustering effects it would bring to our industrial town projects. We agreed to pay the subsidies to the management committee of Longhe Park upon receiving payments from the management committee of Longhe Park in respect to our development of Longhe Park. Such payments from the management committee of Longhe Park to us represent our fee income derived from the development of Longhe Park, which are paid through the management committee of Longhe Park upon designation of Anci District of Langfang. We paid subsidies of RMB209.5 million in aggregate to enterprises which have established their businesses in Longhe Park during the Track Record Period. As of March 31, 2014, the outstanding balance of subsidies to be paid by us by the end of 2015 was RMB9.4 million. We intend to reduce the amount of subsidies in the future, taking into account the increasing market awareness of Longhe Park, and therefore we do not intend to make any provisions for such subsidies.

Fee income generated from Longhe Park

During the Track Record Period, we did not recognize any revenue calculated with reference to a portion of the taxes paid by resident enterprises in Longhe Park, primarily because the tax amount paid by resident enterprises was not sufficient to offset the operating costs incurred by the management committee of the Longhe Projects, primarily due to Longhe Park was still at its early development stage.

The following table sets forth selective information about our fee income derived from the development of industrial land for Longhe Park in 2011, 2012 and 2013. No industrial land was sold by the local government in Longhe Park for the three months ended March 31, 2014.

Year/period	Number of enterprise customers(1)	Site area	Average selling price per sq.m. of site area	Land premium	Our fee income (before intra-group eliminations)		Intra-group eliminations	Our fee income (after intra-group eliminations)
		sq.m.	RMB	RMB'000	RMB'000(3)	% of land premium	RMB'000	RMB'000
2011	12(2)	854,259	334	285,370	145,994	51.2%	(37,454)	108,540
2012	9(2)	565,635	348	197,020	98,933	50.2%	(16,208)	82,725
2013	7(2)	172,137	364	62,700	51,550	82.2%	(19,596)	31,954

Notes:

(1) Represents number of enterprises that entered into land grant contracts with the relevant local government in a given year.

(2) Includes one of our subsidiaries.

(3) The difference between the land premium and our fee income (before intra-group eliminations) primarily represents deductions of (i) taxes and fees paid to the local governmental authorities including agricultural land development fund (農業土地開發基金), land income fund (土地收益基金), land assignment business expenses (土地出讓業務費), rural land use tax (耕地佔用稅) (applicable before April 2012) and low-income housing construction fund (保障性住房建設資金) (applicable after January 2012), the amounts of which are determined according to applicable PRC laws and regulations; and (ii) costs of subsidies paid by the management committee of Longhe Park to certain enterprises that have established their businesses in Longhe Park, the details of which are set forth in "– Our Industrial Town Projects – Longhe Park – Agreement with the management committee of Longhe Park".

The following table sets forth the ASP of industrial land acquired by our subsidiaries and by third party purchasers, respectively, in Longhe Park during the Track Record Period.

	2011	2012	2013	Five months ended May 31, 2014
	Average selling price per sq.m. of site area	Average selling price per sq.m. of site area	Average selling price per sq.m. of site area	Average selling price per sq.m. of site area
	RMB/sq.m.	RMB/sq.m.	RMB/sq.m.	RMB/sq.m.
Land use rights acquired by our subsidiaries	347	346	361	–
Land use rights acquired by third party purchasers	332	349	366	–

The following table sets forth selective information about our fee income derived from the development of residential and commercial land for Longhe Park during the Track Record Period.

Year/period	Number of enterprise customers[1]	Site area	Average selling price per sq.m. of site area	Land premium	Our fee income (before intra-group eliminations)		Intra-group eliminations	Our fee income (after intra-group eliminations)
		sq.m.	RMB	RMB'000	RMB'000[4]	% of land premium	RMB'000	RMB'000
2011	5[2]	418,017	2,547	1,064,586	671,360	63.1%	(86,692)	584,668
2012	2[3]	38,737	3,435	133,068	96,111	72.2%	(85,751)	10,360
2013	6	563,281	2,668	1,502,596	993,489	66.1%	–	993,489
Three months ended March 31, 2014 . . .	1	101,332	2,837	287,500	174,079	60.5%	–	174,079

Notes:

(1) Represents number of enterprises that entered into land grant contracts with the relevant local government in a given year.

(2) Includes two of our subsidiaries.

(3) Includes one of our subsidiaries.

(4) The difference between the land premium and our fee income (before intra-group eliminations) primarily represents deductions of (i) taxes and fees paid to the local governmental authorities including agricultural land development fund (農業土地開發基金), land income fund (土地收益基金), land assignment business expenses (土地出讓業務費), rural land use tax (耕地佔用稅) (applicable before April 2012), low-income housing construction fund (保障性住房建設資金) (applicable after January 2012), construction fee (鐵路建設費) (applicable after January 2011 for residential and commercial land) and certain fund required by the local finance authority (applicable after November 2012 for residential and commercial land), the amounts of which are determined according to applicable PRC laws and regulations; and (ii) costs of subsidies paid by the management committee of Longhe Park to certain enterprises that have established their businesses in Longhe Park, the details of which are set forth in "– Our Industrial Town Projects – Longhe Park – Agreement with the management committee of Longhe Park".

The following table sets forth the ASP of residential and commercial land acquired by our subsidiaries and by third party purchasers, respectively, in Longhe Park during the Track Record Period.

	2011	2012	2013	Five months ended May 31, 2014
	Average selling price per sq.m. of site area	Average selling price per sq.m. of site area	Average selling price per sq.m. of site area	Average selling price per sq.m. of site area
	RMB/sq.m.	RMB/sq.m.	RMB/sq.m.	RMB/sq.m.
Land use rights acquired by our subsidiaries	2,162	3,531	–	–
Land use rights acquired by third party purchasers	2,600	2,889	2,668	2,837

Lands designated for industrial use

In Longhe Park, approximately 9.2 million sq.m. of site area is designated for industrial use, representing 32.9% of the total site area. These land sites have been divided into separate plots for the sale of land use rights to third parties through public auction, tender or listing for sale process. As of March 31, 2014, approximately 2.8 million sq.m. of the industrial site area had been sold cumulatively, representing approximately 30.6% of the total industrial site area of Longhe Park, and the remaining industrial land sites are expected to be sold by the local government by the end of 2022.

As of the Latest Practicable Date, 39 enterprises have established their businesses on the industrial land sites of Longhe Park. The production facilities constructed by these enterprises are mostly low-rise, stand-alone buildings. We have endeavored to attract enterprises that are engaged in information technology industry, advanced equipment manufacturing and modern services industry, which are the major industry themes designed by us for Longhe Park, so as to form industrial clusters.

As of the Latest Practicable Date, approximately 432,229 sq.m. of the industrial site area was acquired by us, primarily for development of Phases I, II and III of SME Entrepreneurial Base, Electronic Information Industrial Park and Gaodi Project in Longhe Park. For details of such investment properties, see "Appendix III – Property Valuation Report".

Land designated for residential and commercial use

In Longhe Park, approximately 10,288,300 sq.m. of site area is designated for residential and commercial use, representing 36.7% of the total site area. These land sites have been divided into separate plots for the sale of land use rights through public auction, tender or listing for sale process. As of March 31, 2014, approximately 1,416,997 sq.m. of the residential and commercial site area had been sold cumulatively, representing approximately 13.8% of the total residential and commercial site area of Longhe Park, and the remaining residential and commercial land sites are expected to be sold by the local government by the end of 2024.

As of the Latest Practicable Date, approximately 12 property developers have acquired land use rights of 1,628,338 sq.m. in Longhe Park to develop residential and commercial properties, including a number of market leaders. As of the Latest Practicable Date, approximately 379,058 sq.m. of the residential and commercial site area was acquired by us. For details of residential and commercial properties developed by us within Longhe Park, see "– Our Residential, Commercial and Industrial Projects".

Management and operation services

We coordinate with the management committee of Longhe Park to provide management and operation services to resident enterprises in Longhe Park. The services offered by us primarily include consulting services with respect to business registration, project administrative approval, environmental assessment and application of permits and licenses and property management, cleaning and landscaping services. We also work with local government to extend public transportation systems to our Longhe Park to facilitate transportation access. In line with applicable PRC laws and regulations and industry norm, municipal services that are typically offered by local governments in China are not part of our management and operation of Longhe Park. These municipal services are provided by the management committee of Longhe Park set by the local government and other relevant authorities. In addition, the local government will also facilitate the set-up of bank branches, hospitals, schools and public security services as set out in our project planning. Furthermore, we coordinate with third-party service providers to make available telecommunication service branches in Longhe Park to expand the range of supporting facilities and services available on-site. Through all these efforts, we have endeavored to form a fully integrated working and living community for residents in Longhe Park.

Longhe Resort (廊坊龍河商務休閒度假基地)

Overview

Longhe Resort is adjacent to Longhe Park. The planned land sites of Longhe Resort cover an aggregate of 9.5 million sq.m., over which we have obtained exclusive development rights according to Longhe Agreement. For a summary of the major terms of the Longhe Agreement, see "– Our Industrial Town Projects – Longhe Park – Major terms of the co-operation agreement".

We plan to commence land preparation for Longhe Resort in 2014. We expect that sale of land use rights by the local government for Longhe Resort will be completed in 2035.

Set forth below is the anticipated progress timetable for Longhe Resort.

2014	•	Commence land preparation and infrastructure construction
2014	•	Commence marketing activities
2014	•	First sale of land use rights by the local government
2035	•	Completion of sale of land use rights by the local government

Location

As Longhe Resort is located in close vicinity to Longhe Park, it in general shares, and is expected to continue to share, the transportation network surrounding Longhe Park. For the transportation network surrounding Longhe Resort, see the map set forth in "– Our Industrial Town Projects – Longhe Park – Location". We also intend to continue building roads and coordinate with local public transport companies to add more public transport routes to Longhe Resort, based on our development schedule.

Master plan of Longhe Resort

The site on which Longhe Resort was constructed consisted primarily of undeveloped land. The following table sets forth the master plan of Longhe Resort.

Classification	Status as of March 31, 2014	Site area	% of total site area
		sq.m.	
Residential and residential area	• Sold	N/A	N/A
	• Planned for future sale	4,525,200	47.7%
	Subtotal	4,525,200	47.7%
Industrial area	• Sold	N/A	N/A
	• Planned for future sale	1,162,000	12.2%
	Subtotal	1,162,000	12.2%
Non-sale area	• Roads	563,700	5.9%
	• Greenery space	3,249,100	34.2%
	Subtotal	3,812,800	40.1%
Total		**9,500,000**	**100%**

The planned layout map of our Longhe Resort is as follows:

We intend to develop industry themes relating to vacation properties and facilities, business headquarters and culture business and are currently in the process of finalizing a more detailed project plan. Longhe Resort is located in southeast of Langfang, Hebei province, along the riverside of Dragon River (龍河). By leveraging the land resources of the Dragon River region and the increasing cultural, vacation and recreational demand arising from Beijing, we intend to develop vacation properties and facilities, sports facilities, wetland park, theme park and retirement communities in Longhe Resort.

Guangyang Park (廣陽科技孵化園)

Overview

Guangyang Park is located in the west of downtown Langfang, Hebei province, three kilometers to downtown Langfang and 15 kilometers to The Second Beijing Capital International Airport approved by the State Council in December 2012.

The planned land sites of Guangyang Park cover an aggregate of 15.0 million sq.m. In April 2011, we entered into a co-operation agreement with the local government and its designated state-owned land development enterprise to develop such planned land sites. We are currently finalizing the project planning and design and industrial positioning for this project, which is expected to be tailored according to the development plan of the surrounding area of The Second Beijing Capital International Airport to be adopted by the national and local government authorities. As such government planning has not been released, we did not commence development of Guangyang Park as of the Latest Practicable Date. The industry positioning and our scope of service for Guangyang Park are subject to changes. Subject to our finalization of the project planning and design and industrial positioning of Guangyang Park in 2015, we expect to commence development of Guangyang Park in 2015. We expect to complete our development of Guangyang Park in 2026. We cannot assure you that we will be able to execute our current development plan on a timely basis or at all. For risks associated with our development plan of Guangyang Park, see "Risk Factors – Risks Relating to Our Business and Industries – Our development plan of Guangyang Park may be subject to changes".

Location

Guangyang Park is in close vicinity to The Second Beijing Capital International Airport which is currently under development. The Second Beijing Capital International Airport, upon completion in 2018, is expected to attract more enterprises to set up businesses in Guangyang Park, fuel the local social and economic growth and drive the land price and average sales price of properties in the surrounding area higher in the near future. By leveraging the premium location of Guangyang Park, which is within 15 kilometers to the planned The Second Beijing Capital International Airport, we believe we will be able to identify competitive industry themes and attract leading market players to set up businesses in Guangyang Park. For the transportation network surrounding Guangyang Park, see the map set forth in "– Our Industrial Town Projects – Longhe Park – Location".

Major terms of the Guangyang Agreement

On April 27, 2011, we entered into a co-operation agreement ("Guangyang Agreement") with (i) the local government of Guangyang District of Langfang, Hebei province ("Guangyang government") and (ii) Langfang State-owned Land Development Investment Company Limited* (廊坊市國土土地開發建設投資有限公司) ("Langfang Land Development") to develop Guangyang Park. We and Langfang Land Development incorporated a project company in Langfang to develop Guangyang Park, holding 49.0% and 51.0%, respectively, of the registered capital of such project company. The key terms of the Guangyang Agreement are set out below.

- *Land area.* The land area for the development of Guangyang Park shall be approximately 15 million sq.m..

- *Exclusivity.* Guangyang government agreed to exclusively authorize Langfang Land Development and us to develop Guangyang Park. The term of such authorization is 15 years from the date of the Guangyang Agreement. During such term, Guangyang government shall not unilaterally amend or withdraw its authorization under the Guangyang Agreement without the consent of Langfang Land Development and us.

- *Authorization.* The project company is authorized to carry out, among others, the following matters ("authorized matters") in order to develop Guangyang Park:
  - clear and level land sites and construct infrastructure such as road, tap water, rainwater, waste water, electricity, gas, heat and communication facilities;
  - raise and provide funds for land preparation, including demolition and relocation fees and expenses, and other costs for land preparation;
  - conduct research on the positioning and future development of Guangyang Park, provide marketing and promotional services in Guangyang Park, attract and select enterprises to establish their businesses in such park; and
  - provide consulting services to land use planning, designing services for infrastructure and public amenities, property management service and maintenance of infrastructure.

- *Sale of land, land use and planning.* Under the Guangyang Agreement, we and Langfang Land Development shall be responsible for providing consulting services to Guangyang government in formulating the relevant plans and policies regarding the sale of land. Once approved, Guangyang government shall provide its full support in relation to the relevant administrative procedures in obtaining land quota for sale. Guangyang government shall, without violating the applicable national and local laws, regulations and policies, allocate the land quota available to the development of Guangyang Park as a priority, and allow, without affecting the overall development plan of Guangyang Park, no less than 40% of the newly obtained land quota per year to be developed for commercial, recreational and residential use or promoting tourism.

- *Rights of Guangyang government.* Guangyang government is entitled to exercise administrative power over Guangyang Park, and establish administration authorities within such park. Guangyang government is also entitled to retain a certain portion of the proceeds from the sale of land in accordance with the applicable laws, regulations and policies before distributing the remaining portion to Langfang Land Development, us and the project company under the terms and conditions of the Guangyang Agreement.

- *Obligations of Guangyang government.* Guangyang government shall (i) comply with applicable national and local laws, regulations and policies, and assist to establish a management committee in relation to Guangyang Technology Regeneration Park to carry out the administrative and operational functions on behalf of Guangyang government; (ii) provide full support to Langfang Land Development and us in the fund raising for the development of Guangyang Park in accordance with the applicable national and local laws, regulations and policies; (iii) ensure sufficient land quota available for tender, auction and listing for sale for the development of Guangyang Park, and undertake to prepare and implement the relevant policies, publicity measures and applicable administrative steps in relation to relocation of incumbent residents and businesses; (iv) once approved, implement the agreed development plan and budgets jointly prepared by Langfang Land Development and us and refrain from any subsequent interference or amendment regarding the agreed development plan and budgets; (v) introduce and implement incentive schemes in accordance with the applicable national and local laws, regulations and policies to attract enterprises to establish businesses in Guangyang Park; and (vi) distribute on a timely basis the net proceeds from the sale of land in accordance with the Guangyang Agreement.

- *Rights of Langfang Land Development and us.* We and Langfang Land Development, through the project company, have the exclusive rights to develop Guangyang Park. We and Langfang Land Development are entitled to receive net proceeds from the sale of land by Guangyang government according to the terms and conditions of the Guangyang Agreement.

- *Obligations of Langfang Land Development and us.* We and Langfang Land Development shall (i) obtain sufficient funds for the development of Guangyang Park and ensure a balanced usage of funds for the timely completion of all authorized matters; (ii) assist Guangyang government in obtaining the relevant permits and approval; (iii) conduct research regarding the positioning of Guangyang Park; (iv) engage and consolidate national and international expertise in the project planning and design of Guangyang Park to satisfy the requirements of Guangyang government and international standards; (v) obtain sufficient funds for the relocation of incumbent residents and businesses; (vi) assist in introducing enterprises to establish businesses in Guangyang Park in accordance with the requirements of Guangyang government; and (vii) implement effective measures to ensure a timely execution of development plans of Guangyang Park.

- *Our additional obligations in relation to the project company.* With the authorization by Langfang Land Development, we shall be primarily responsible for the management and operation of the project company in carrying out the authorized matters. We shall ensure a proper use of funds of the project company and safeguard the company assets. Unless otherwise agreed by Langfang Land Development, we shall not use the funds of the project company to (i) provide loans to third parties; (ii) engage in investment irrelevant to the principal business of the project company; or (iii) offer guarantee to third parties.

- *Rights of Langfang Land Development as against us.* Langfang Land Development is entitled to conduct semi-annual checks and spot checks on the management and operation of the project company. In the event of a failure of the senior management of the project company to satisfy the operational needs of the project company, or an existence of certain non-compliant acts of operation, Langfang Land Development is entitled to remove the general manager and/or chief financial officer of the project company, and to claim damages from us for the loss suffered by the project company. In addition, Langfang Land Development is entitled to conduct spot checks of the project company's use of funds and assets, and in the event of loss suffered by the project company due to a breach of our obligations, Langfang Land Development is entitled to institute a claim against us and/or terminate the agreement between Langfang Land Development and us.

- *Distribution of net proceeds from the sale of land.* Under the Guangyang Agreement, the net proceeds from the sale of land shall be distributed on a timely basis by Guangyang government in the following manner:

  – first, we and Langfang Land Development shall each be entitled to receive an amount equivalent to our respective actual capital investments for the development of

Guangyang Park, representing (i) the cost of infrastructure construction and land preparation, (ii) the cost of project planning and design, and (iii) other expenses as approved by the local government and included in an audit report. All parties agreed to jointly appoint an independent auditor to conduct an annual audit of the capital investment of the completed properties, and are each obliged to provide the relevant information for the preparation of such auditor's report;

– second, we and Langfang Land Development shall each be entitled to a return of capital investment, calculated as 10% of our respective actual capital investment; and

– finally, the remainder shall be paid to the project company, which shall be distributed to us and Langfang Land Development according to our respective equity interests in the project company.

- *Breach of agreement and liquidated damages.* In the event of breach by a party to the Guangyang Agreement, such party shall be responsible for all the loss associated with such breach including but not limited to the cost of development and expenses; however, all parties shall continue to perform their respective obligations under the Guangyang Agreement. Moreover, in the event of failure by Guangyang government to pay the net proceeds of sale of land in accordance with the Guangyang Agreement to Langfang Land Development and us, Guangyang government shall pay liquidated damages at a daily rate of 0.05% within 30 days of such breach.

- *Termination.* All parties undertake to cooperate and develop Guangyang Technology Regeneration Park under the Guangyang Agreement but in the event of which the project could no longer be implemented due to unforeseen reasons, the Guangyang Agreement shall be terminated and Guangyang government shall pay Langfang Land Development and us the relevant development cost already contributed by each of Langfang Land Development and us, respectively, with reference to the auditor's report. In return, we and Langfang Land Development shall deliver all relevant project information and the construction site to Guangyang government. All parties shall execute a separate agreement in relation to the payment amount and methods of the development cost.

Chuzhou Park (滁州承接產業轉移集中示範園區)

Overview

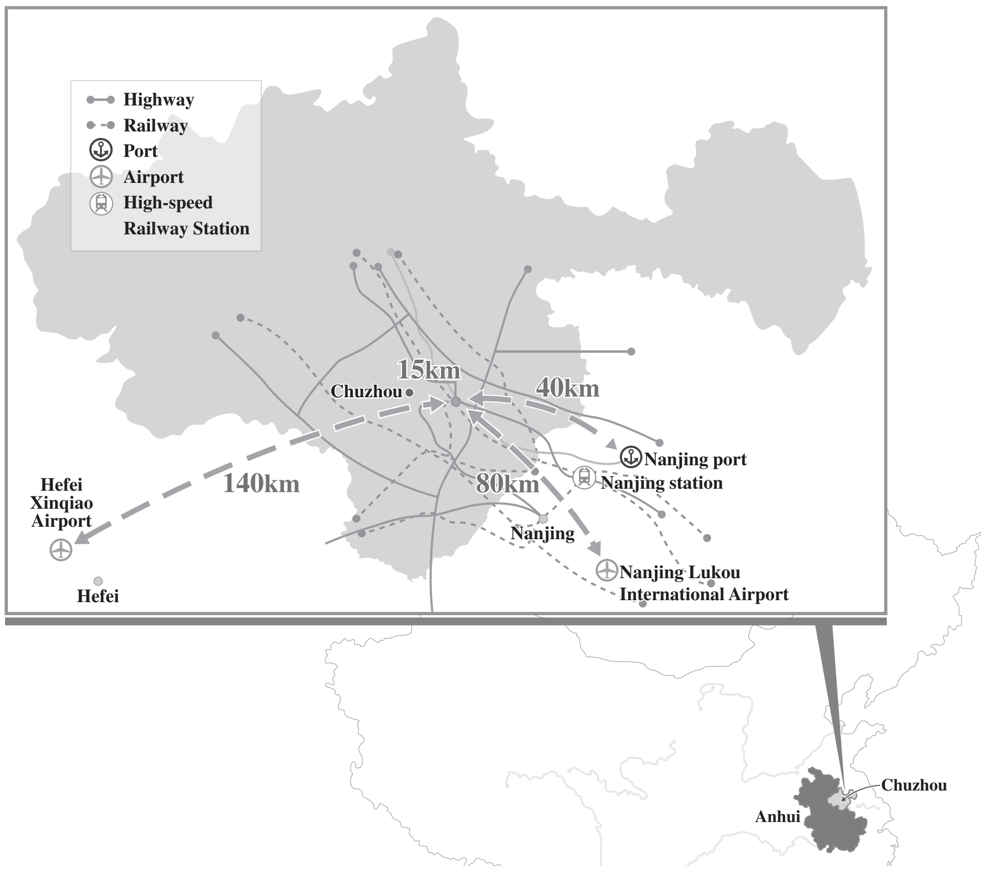
Chuzhou is located in the eastern part of Anhui province, approximately 50 kilometers from Nanjing, Jiangsu province and is in the greater Yangtze River Delta. Chuzhou is also in Wanjiang City Belt (皖江城市帶) which has been approved by the PRC State Council as a national pilot zone (國家級示範區) in January 2010 for the development of industries moved out from the nearby Yangtze River Delta. These industries primarily include new materials manufacturing, energy, new equipment manufacturing, provision of modern services and production of high-quality natural food. Chuzhou Park is located in the northeast of downtown Chuzhou.

The planned land sites of Chuzhou Park cover an aggregate of 15.0 million sq.m. As of the Latest Practicable Date, we have entered into a strategic investment agreement with the local government for the development of Chuzhou Park. Unlike our projects in Langfang, Hebei province, our services to the local government in Chuzhou are to identify and attract qualified investors to set up their businesses in

Chuzhou Park. According to the planning of the local government, the industry themes of Chuzhou Park new materials manufacturing, energy industry, new equipment manufacturing, provision of modern services and production of high-quality natural food. As of the Latest Practicable Date, we have commenced marketing of Chuzhou Park. Based on our current estimates, we expect to complete all marketing activities for Chuzhou Park by 2017.

Location

The following map illustrates the geographic location of Chuzhou Park.



Chuzhou Park is in close proximity to multiple transport hubs linking Chuzhou to air, railway, waterway and highway networks, including Nanjing Lukou International Airport (南京祿口國際機場) and Hefei Xinqiao International Airport (合肥新橋國際機場), Beijing-Shanghai High-Speed Railway (京滬高速線) and Shanghai-Wuhan-Chongqing High-Speed Railway (滬漢蓉高速線) and Nanjing-Luoyang Highway (寧洛高速公路) and Shanghai-Xi'an Highway (滬陝高速公路).

Major terms of the strategic investment agreement

On July 10, 2013, we entered into a legally binding strategic investment agreement with the People's Government of Chuzhou as supplemented by a supplemental agreement dated February 19, 2014, pursuant to which the rights and obligations of the People's Government of Chuzhou has been transferred and assigned to the management committee of Chuzhou Park (collectively, the "Chuzhou Agreement"), to develop a Chuzhou Pilot Business Park for Industry Transfer (滁州承接產業轉移集中示

範園區) ("Chuzhou Park"). The planned site area of Chuzhou Park is 15.0 million sq.m. and will be divided into phases for development. We are responsible for the marketing and promotion of sale of land use rights to the planned site area of Chuzhou Park. We are currently developing Phase I of Chuzhou Park, which has a planned site area of 3.3 million sq.m.

Under the Chuzhou Agreement, the management committee of Chuzhou Park is obliged to (i) coordinate and arrange the relocation of incumbent residents and businesses, (ii) clear and level land sites and (iii) construct infrastructure such as road, tap water, rainwater, waste water, electricity, gas, heat and communication facilities for land preparation. On the other hand, we are obliged to attract enterprises to establish their businesses in Chuzhou Park in agreed phases. Such enterprises shall fulfill the requirements of the management committee of Chuzhou Park in respect of, amongst others, their nature of businesses, investment strength, ability to generate tax income and performance in environmental and energy saving aspects.

In addition, for every 666,700 sq.m. of land in Phase I of Chuzhou Park in which we successfully bring in enterprises to purchase land use rights for establishment of businesses as evidenced by a report issued by the local auditing governmental authority, the management committee of Chuzhou Park is required to sell an aggregate of 133,333 sq.m. of certain designated residential and commercial land by way of public auction, tender or listing for sale process within 30 days following the issuance of the aforementioned report. An amount equivalent to the net sale proceeds for such land (after deduction of all legal, tax and other relevant expenses) shall be paid to us as our fee in return for our marketing and promotional services to Chuzhou government, within 60 days following the issuance of the aforementioned report. We are also entitled to participate in the public auction, tender or listing for sale process with respect to the sale of the aforementioned designated residential and commercial land.

OUR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL PROJECTS

Overview

As of May 31, 2014, we had 27 projects at various stages of development, with an aggregate site area of 2,010,640 sq.m. We classify our projects into four categories according to the stage of development:

- *Completed properties.* Completed properties represent properties for which we have received the certified construction completion report from the relevant government construction authorities. As of May 31, 2014, our completed properties consisted of Mingren Garden (名人小區), Foxconn City Phase I (富士康城一期), Hongtai Meishuguan Phase I (宏泰美樹館一期), Yihejiayuan Block A (頤和佳苑A區), Hongtai Longdi Phase I (宏泰龍邸一期), Longhe Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)) and YiShujia (逸樹家).

- *Properties under development.* Properties under development represent properties for which we have received the requisite construction work commencement permit with respect to all or a part of our projects and before completion of the entire projects. As of May 31, 2014, our properties under development consisted of Hongtai Longdi Phase II (宏泰龍邸二期), Hongtai Meishuguan Phase II (宏泰美樹館二期), Yulong Bay Phase I (Plot A4) (御龍灣一期) (A4地塊), Chuangye Plaza Phase II (創業大廈二期), Shangbei Complex (尚北綜合樓) and Information Electronic Industrial Park in Longhe Park Phase I (龍河高新區電子信息產業園一期).

- *Properties planned for future development.* Properties planned for future development represent (i) properties for which we have received the relevant land use rights certificates but have not yet received the requisite construction work commencement permit; and (ii) properties for which we are in the process of obtaining land use rights certificates for our projects. As of May 31, 2014, our properties planned for future development consisted of Foxconn City Phase II (富士康城二期), Hongtai Commerce Plaza (宏泰商業廣場), Electronic Information Industrial Park in Longhe High-tech Industrial Park Phase II (廊坊龍河高新區電子信息產業園二期), Shangshi Jiahua (尚世嘉華), Qingnianhui (青年匯), Yulong Bay Phase II (Plot A3) (御龍灣二期) (A3地塊),Yulong Bay Phase III (Plot A5) (御龍灣三期) (A5地塊), Yulong Bay Phase IV (Plot A6) (御龍灣四期) (A6地塊), Huahang Apartment (華航公寓), Gaodi Longhe Digital Technology Park (高迪龍河數碼科技城) and Tanghai Project (唐海項目).

- *Investment properties.* As of May 31, 2014, we had four completed investment properties, namely, Chengxiang Building (城鄉大廈), Jinyue Building (金悅酒樓), Tianfu Center (天賦中心), and Phase I and Phase II of SME Entrepreneurial Base (中小企業創業基地一期、二期), and one investment property planned for future development, namely, Phase III of SME Entrepreneurial Base (中小企業創業基地三期).

Some of our projects comprise multiple-phase developments on a rolling basis. One project may include different phases at various stages of development, i.e., completed properties, properties under development and properties planned for future development. For further details regarding our projects, see "Appendix III – Property Valuation Report" to this prospectus.

During the second half of 2014, we intend to commence construction of four projects, consisting of: Hongtai Commerce Plaza (宏泰商業廣場), Phase II of Electronic Information Industrial Park in Longhe Park (廊坊龍河高新區電子信息產業園二期), Shangshi Jiahua (尚世嘉華) and Phase II (Plot A3) of Yulong Bay (御龍灣小區二期) (A3地塊). We also expect to commence construction of Phase III (Plot A5) (御龍灣小區三期) (A5地塊) and Phase IV (Plot A6) of Yulong Bay (御龍灣小區四期) (A6地塊) by June 2015. Taking into consideration our cash and future operating cash flows, and bank and other borrowings that may be available to us, we believe that we have sufficient funding to support these development plans.

We also intend to proactively obtain all permits and licenses that are required for commencement of construction of these projects to ensure full compliance with applicable PRC laws. We obtained the construction work planning permits (建築工程規劃許可證) for Phase II (Plot A3) of Yulong Bay (御龍灣小區二期) (A3地塊) and Phase II of Electronic Information Industrial Park (廊坊龍河高新區電子信息產業園二期) in early July 2014 and expect to commence construction by August 2014 and October 2014, respectively. In addition, we submitted the applications for construction work commencement permits for each of Phase II (Plot A3) of Yulong Bay and Phase II of Electronic Information Industrial Park in July 2014. According to the Administrative Rules regarding Permission of Construction Work (建築工程施工許可管理辦法) issued by MOHURD on October 15, 1999 and amended and effective as of July 4, 2001, the relevant authorities shall issue construction work commencement permit within 15 days after receiving application materials provided that the application satisfies the relevant requirements.

Based on the current status of our permit application and the requirements under the aforementioned PRC law, we reasonably expect that the construction work commencement permits for Phase II (Plot A3) of Yulong Bay and Phase II of Electronic Information Industrial Park will be issued by August 2014 and October 2014, respectively.

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
• Completed properties	• Group I – properties held by the Group for sale or owner occupation in the PRC (excluding completed properties that have been sold and delivered)	• Completed properties for sale (excluding completed properties that have been sold and delivered) • Property, plant and equipment
	• Group II – Properties held by the Group for investment in the PRC (consisting of completed properties only)	• Investment properties
• Investment property planned for future development	• Group III – Property to be held by the Group for investment in the PRC (consisting of uncompleted properties only)	• Investment properties
• Properties under development	• Group IV – properties held under development by the Group in the PRC	• Properties under development
• Properties planned for future development	• Group V – properties held by the Group for future development in the PRC	• Properties under development

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.

During the Track Record Period, we have developed properties both in industrial towns developed by us and in other areas in Hebei province. The following table sets forth a summary of all our property projects and project phases developed, including projects and project phases held for future development, as of May 31, 2014 unless otherwise indicated (excluding investment properties and Chuangye Plaza Phase I which was sold by us in full during the Track Record Period).

Project	Site area	Actual/ Estimated construction commence-ment date[1]	Actual/ Estimated construction completion date[2]	Actual/ Estimated pre-sale commence-ment date[3]	Completed: GFA completed[4]	Completed: Saleable GFA unsold[5]	Under development: GFA under development	Under development: Saleable GFA	Under development: Pre-sold GFA[6]	Future development: Planned GFA	Development cost incurred as of March 31, 2014	Estimated future development cost as of March 31, 2014	Group's interest in the project as of the valuation date[8]	Group's attributable value as of the valuation date	Reference to Property Report
	(sq.m.)				(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in million)	(RMB in million)		(RMB in million)	Property No.
By location															
Langfang (廊坊)															
Properties located within Longhe Park															
Foxconn City (富士康城)	126,545														
Phase I (富士康城一期)	–	Sep 2010	Oct 2011	Oct 2011	32,590	2,470	–	–	–	–	140.7	–	100%	22.9	2
Phase II (富士康城二期)	–	Jun 2014	Dec 2015	Dec 2014	–	–	–	–	–	280,047	169.4	838.0	100%	487.1	20
Chuangye Plaza Phase II (創業大廈二期)	8,820	Feb 2014	Sep 2015	Sep 2014	–	–	29,407	29,407	–	–	42.5	121.9	100%	85.2	17
Hongtai Longdi (宏泰龍邸)	126,929										915.9	545.9			
Phase I (宏泰龍邸一期)	–	Aug 2011	May 2014	Aug 2012	174,995	162,916	–	–	–	–	–	–	100%	937	6
Phase II (宏泰龍邸二期)	–	Feb 2014	Dec 2015	Aug 2014	–	–	175,921	164,018	–	–	–	–	100%	318.4	13
Hongtai Commerce Plaza (宏泰商業廣場)	47,486	Aug 2014	Dec 2016	Dec 2015	–	–	–	–	–	153,285	259.6	397.0	100%	394.1	22
Electronic Information Industrial Park in Longhe Park (廊坊龍河高新區電子信息產業園)	187,815										100.4	525.9	100%		
Phase I (廊坊龍河高新區電子信息產業園一期)	125,376	May 2013	May 2015	Aug 2014	–	–	77,195	77,195	–	–	–	–	100%	135.1	16
Phase II (廊坊龍河高新區電子信息產業園二期)	62,439	Oct 2014	Oct 2016	Jun 2015	–	–	–	–	–	127,110	–	–	100%	61.7	19
Longhe Hi-Tech Industrial Park –Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房))	12,666	Mar 2012	May 2014	–	24,346	24,222	–	–	–	–	97.1	2.5	100%	–	7
Gaodi Project (高迪龍河數碼科技城)	62,914	–	–	–	–	–	–	–	–	62,914	25.8	179.3	100%	23.4	25
Properties located within other areas of Langfang															
Yishujia (逸樹家小區)	94,829	May 2005	Oct 2010	Aug 2005	160,079	1,054	–	–	–	–	390.0	–	100%	6.3	4
Yihejiayuan Block A (頤和佳苑A區)	35,430	Jun 2009	Oct 2010	Feb 2010	84,575	3,491	–	–	–	–	212.9	–	100%	43	5
Mingren Garden (名人小區)	29,141	Jun 2009	Dec 2011	Sep 2009	64,284	1,756	–	–	–	–	320.0	–	100%	13.1	1
Hongtai Meishuguan (宏泰美樹館)	120,739														
Phase I (宏泰美樹館一期)	–	Feb 2012	Nov 2013	May 2012	134,565	70,559	–	–	–	–	530.0	–	100%	397.5	3
Phase II (宏泰美樹館二期)	–	Dec 2013	Dec 2014	May 2014	–	–	121,955	110,579	–	–	286.4	178.6	100%	401	14
Shangbei Complex (尚北綜合樓)	3,974	May 2014	Jun 2015	Aug 2014	–	–	12,746	10,746	–	–	10.4	54.7	100%	42.3	18
Shangshi Jiahua (尚世嘉華)	72,000[7]	Aug 2014	Dec 2015	Oct 2014	–	–	–	–	–	177,190	72.0	431.2	100%	244.9	21
Qingnianhui (青年匯)	4,279	Jun 2014	Dec 2015	–	–	–	–	–	–	10,893	2.7	37.4	100%	24.3	23
Huahang Apartment (華航公寓)	10,557	–	–	–	–	–	–	–	–	9,860	6.8	33.2	100%	–	24
Langfang Sub-total	944,126				675,435	266,468	417,224	391,946	–	821,300	3,582.6	3,345.7		3,637.3	

Project	Site area	Actual/ Estimated construction commencement date[1]	Actual/ Estimated construction completion date[2]	Actual/ Estimated pre-sale commencement date[3]	Completed: GFA completed[4]	Completed: Saleable GFA unsold[5]	Under development: GFA under development	Under development: Saleable GFA	Under development: Pre-sold GFA[6]	Future development: Planned GFA	Development cost incurred as of March 31, 2014	Estimated future development cost as of March 31, 2014	Group's interest in the project as of the valuation date[6]	Group's attributable value as of the valuation date	Reference to Property Report
	(sq.m.)				(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in million)	(RMB in million)		(RMB in million)	Property No.
Chengde (承德)															
Yulong Bay (御龍灣小區)	187,106														
Phase I (Plot A4) (A4地塊)	–	Sep 2011	Jun 2014	Jun 2012	–	–	157,113	153,003	68,380	–	–	–	100%	533.2	15
Phase II (Plot A3) (A3地塊)	–	Aug 2014[8]	Jun 2017	May 2015	–	–	–	–	–	161,405	713.8	1,890.6	100%	328.9[9]	26
Phase III (Plot A5) (A5地塊)	–	Jun 2015	Jun 2018	Oct 2016	–	–	–	–	–	238,225	–	–	100%	–	26
Phase IV (Plot A6) (A6地塊)	–	Jun 2015	Jun 2018	Oct 2016	–	–	–	–	–	200,081	–	–	100%	–	26
Chengde Sub-total	187,106				–	–	157,113	153,003	68,380	599,711	713.8	1,890.6		862.1	
Tangshan (唐山)															
Tanghai Project (唐海項目)	665,935				–	–	–	–	–	203,800	527.5	719.0	100%	213.9	27
Tangshan Sub-total	665,935				–	–	–	–	–	203,800	527.5	719.0		213.9	
Total	1,797,167				675,435	266,468	574,336	544,949	68,380	1,624,811	4,823.9	5,955.3	–	4,713.3	
By type of properties															
Residential					517,489	194,010	306,669	306,669	63,569	878,973					
Commercial					69,589	33,653	47,333	47,333	1,647	138,603					
Industrial					–	–	77,195	77,195	–	193,337					
Ancillary area[10]					88,356	38,805	143,139	113,751	3,164	413,897					
Total					675,435	266,468	574,336	544,949	68,380	1,624,811					

Notes:

(1) The actual construction commencement date set out in the description of our completed properties and properties underdevelopment refers to the date in the construction works commencement permit (建築工程施工許可證) of the first constituent building of the properties and our internal records. For properties planned for future development, the estimated construction commencement date of a project reflects our best estimate based on our current development plan.

(2) The actual construction completion date set out in the description of our completed properties refers to the date on which the record of examination and acceptance upon project completion (竣工驗收備案證明) was obtained for the last constituent building of the properties. For properties under development or planned for future development, the estimated construction completion date of a property or phase reflects our best estimate based on our current development plan.

(3) The actual pre-sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale or sale commencement dated set out in the first pre-sale or sale permits obtained for the building of the properties was completed. For properties under development or planned for future development, the estimated pre-sale commencement dated reflects our estimated based on our current development plan.

(4) "Completed GFA" is based on figures provided in ownership certificates or surveying reports. "Unsaleable GFA" refers to certain communal facilities and ancillary areas, certain underground GFA, certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

(5) "Saleable GFA unsold" refers to the total completed GFA minus (i) completed GFA sold and delivered to customers and (ii) unsaleable GFA (including (a) the GFA of properties for which we have entered into property purchase agreements with customers, but have not yet delivered and (b) the GFA of properties which have not been contracted for sale).

(6) "Pre-sold GFA" refers to the GFA of contracted sale which has not yet been delivered.

(7) "Group's interest in the project as of the valuation date" refers to the Group's effective equity interest in the respective project companies as of the valuation date set forth in the "Property Valuation Report" in Appendix III.

(8) Of the 72,000 sq.m., we have entered into land grant contract but have not obtained land use rights certificate for land of 32,000 sq.m. as we are in the process of obtaining a new land use right certificate for land parcel for residential purposes of 25,600 sq.m. and a new land use right certificate for land parcel for commercial purposes of 6,400 sq.m.

(9) The land use rights to Phase I (Plot A4) (御龍灣小區一期) (A4地塊) and Phase II (Plot A3) of Yulong Bay (御龍灣小區二期) (A3地塊) are granted under one land grant contract with a construction commencement date in March 2011 as required by the relevant land authority. We have divided the relevant land under such land grant contract into two phases for development. As advised by our PRC legal advisor, Jingtian & Gongcheng, commencement of construction of either phase constitutes commencement of construction work under the land grant contract. Our PRC legal advisor, Jingtian & Gongcheng, is of the view that as we commenced construction of Phase I (Plot A4) of Yulong Bay (御龍灣小區) (A4地塊) in September 2011, which is within one year after the stipulated construction commencement date, and such construction has satisfied other criteria required by applicable PRC laws, the land of Phase I and Phase II of Yulong Bay (御龍灣小區一期、二期) will not be considered as idle land by the PRC government under the applicable PRC laws and regulations.

(10) Represents the total attributable value of Phase II (Plot A3), Phase III (Plot A5) and Phase IV (Plot A6) of Yulong Bay (御龍灣小區二期、三期、四期) to our Group.

(11) "Ancillary areas" refer to underground garage and commercial facilities.

The following table sets forth the GFA sold and ASP of our properties (including the ancillary areas and car park units) for the years ended December 31, 2011, 2012 and 2013 and the five months ended May 31, 2014. The ASP of each of our properties and each type of our properties (other than car park units) represents the revenue generated from such property divided by the GFA of such property sold and delivered by us. The ASP of car park units in a given project represents the revenue generated from car park units sold and delivered in such project divided by the number of car park units sold and delivered.

	2011		2012		2013		Five months ended May 31, 2014	
Project	**GFA sold**	**ASP**	**GFA sold**	**ASP**[(1)]	**GFA sold**	**ASP**[(2)]	**GFA sold**	**ASP**[(3)]
	(sq.m.)	(RMB/ sq.m.)	(sq.m.)	(RMB/ sq.m.)	(sq.m.)	(RMB/ sq.m.)	(sq.m.)	(RMB/ sq.m.)
Foxconn City Phase I (富士康城一期)								
Residential	10,241	5,024	5,204	5,170	59	5,321	–	–
Commercial	8,155	9,063	5,749	8,688	601	7,257	(3)[(4)]	–
	18,396	6,815	10,953	7,017	660	7,083	(3)[(4)]	–
Chuangye Plaza Phase I (創業大廈一期)								
Commercial	–	–	24,426	8,778	–	–	–	–
Hongtai Longdi Phase I (宏泰龍邸一期)								
Commercial	–	–	–	–	–	–	4,376	15,358
Yishujia (逸樹家小區)								
Residential	–	–	–	–	(3)[(4)]	–	–	–
Commercial	91	6,032	–	–	–	–	–	–
	91	6,032	–	–	(3)[(4)]	–	–	–
Yihejiayuan Block A (頤和佳苑A區)								
Residential	3,283	2,920	–	–	–	–	–	–
Commercial	5,805	6,905	42	15,429	(905)[(5)]	–[(6)]	(81)[(5)]	–[(7)]
	9,087	5,465	42	15,429	(905)[(5)]	–	(81)[(5)]	–
Mingren Garden (名人小區)								
Residential	47,912	6,807	3,558	6,912	957	6,911	320	6,762
Commercial	736	19,929	3,174	16,640	211	13,799	131	11,270
	48,648	7,005	6,732	11,498	1,168	8,157	451	8,071
Ancillary Area	3,756	1,099	308	1,170	64	1,163	20	1,164
Car Park Units	87[(8)]	99,724[(9)]	16[(8)]	103,438[(9)]	4[(8)]	140,000[(9)]	–	–
Hongtai Meishuguan Phase I (宏泰美樹館一期)								
Residential	–	–	–	–	33,886	5,057	20,540	5,725
Commercial	–	–	–	–	674	8,193	1,191	8,745
	–	–	–	–	34,560	5,118	21,731	5,890
Ancillary Area	–	–	–	–	4,295	990	2,785	992
Subtotal[(10)]	76,222	6,774	42,153	8,761	35,480	5,147	26,474	7,477

Project	2011		2012		2013		Five months ended May 31, 2014	
	GFA sold	ASP	GFA sold	ASP(1)	GFA sold	ASP(2)	GFA sold	ASP(3)
	(sq.m.)	(RMB/ sq.m.)	(sq.m.)	(RMB/ sq.m.)	(sq.m.)	(RMB/ sq.m.)	(sq.m.)	(RMB/ sq.m.)
By type of properties								
Residential	61,435	6,302	8,762	5,878	34,900	5,108	20,860	5,741
Commercial	14,787	8,738	33,391	9,518	581	7,526	5,614	13,929
Ancillary Area	3,756	1,099	308	1,170	4,359	992	2,805	993
Car Park Units	87(8)	99,724(9)	16(8)	103,438(9)	4(8)	140,000(9)	–	–

Notes:

(1) The average selling price of properties we delivered (excluding ancillary area and car park units) in Langfang increased from RMB6,774 per sq.m. in 2011 to RMB8,761 per sq.m. in 2012, primarily because for Yihejiayuan Block A (頤和佳苑A區) and Mingren Garden (名人小區), which were both delivered in 2011 and 2012, the properties sold in 2012 were more expensive, primarily as a result of (i) a higher proportion of commercial property units with a higher selling price in comparison with residential property units were completed and delivered in 2012; and (ii) the price of the commercial sections in these projects has increased due to the gradual completion of comprehensive surrounding infrastructure.

(2) The average selling price of properties we delivered (excluding ancillary area and car park units) in Langfang decreased from RMB8,761 per sq.m. in 2012 to RMB5,147 per sq.m. in 2013, primarily because (i) Hongtai Meishuguan Phase I (宏泰美樹館一期), the major property that we delivered in 2013, had a relatively low average selling price mainly due to its location and our strategy to price such property competitively in order to gain market share, and (ii) properties with a higher average selling price were not delivered in 2013.

In addition, the average selling price of properties (excluding ancillary area and car park units) for Mingren Garden (名人小區) decreased from RMB11,498 per sq.m. in 2012 to RMB8,157 per sq.m. in 2013, primarily because the price of commercial property units completed and delivered in 2013 was lower due to these units' location and size, and we priced these property units competitively at the later stage of this project.

(3) The average selling price of properties we delivered (excluding ancillary area and car park units) in Langfang increased from RMB5,147 per sq.m. in 2013 to RMB7,477 per sq.m. for the five months ended May 31, 2014, primarily because Hongtai Longdi (宏泰龍邸), one of the major properties that we delivered during the five months ended May 31, 2014, had a relatively high average selling price, because all properties delivered for this project were commercial property units. The average selling price of properties (excluding ancillary area and car park units space) for Hongtai Meishuguan Phase I (宏泰美樹館一期) increased from RMB5,118 per sq.m. in 2013 to RMB5,890 per sq.m. for the five months ended May 31, 2014 primarily because the market price of properties has increased gradually in 2014.

(4) Represents the estimated GFA of the property units specified in the property purchase contracts in excess of the actual GFA specified in the property ownership certificates which were issued after delivery of the relevant properties. As a result, the purchase price of such properties was reduced in accordance with the terms of the property purchase contracts and revenue derived from such portion of GFA was adjusted accordingly after delivery of the relevant properties.

(5) Represents return of properties by customers when the application process for the property titles took longer than expected. For details, see "– Our Residential, Commercial and Industrial Projects – Property Development Process – Delivery of residential and commercial properties".

(6) The average selling price of properties returned in Yihejiayuan was RMB9,309 per sq.m. in 2013, calculated as the deducted revenue of such returned properties divided by GFA previously sold and delivered but subsequently returned.

(7) The average selling price of properties returned in Yihejiayuan was RMB10,773 per sq.m. for the five months ended May 31, 2014, calculated as the deducted revenue of such returned properties divided by GFA previously sold and delivered but subsequently returned.

(8) Represents the number of car park units.

(9) ASP for car park units represents the average selling price for each car park unit.

(10) Amounts are calculated without taking into account ancillary area and car park units. All properties sold and delivered by us during the Track Record Period and up to May 31, 2014 were located in Langfang, Hebei province.

The following table sets forth the total GFA of contracted sale of our properties (all excluding the ancillary areas and car park units) for the years ended December 31, 2011, 2012 and 2013 and the five months ended May 31, 2014. The total GFA of contracted sale represents the total GFA of properties for which we have entered into the property purchase agreements with our customers, irrespective of whether such properties have been completed or delivered.

	2011	2012	2013	Five months ended May 31, 2014
Project	**GFA of contracted sale**	**GFA of contracted sale**	**GFA of contracted sale**	**GFA of contracted sale**
	(sq.m.)	**(sq.m.)**	**(sq.m.)**	**(sq.m.)**
By location				
Langfang (廊坊)				
Foxconn City Phase I (富士康城一期)	22,918	6,559	590	–
Chuangye Plaza Phase I (創業大廈一期)	–	–	–	–
Hongtai Longdi Phase I (宏泰龍邸一期)	–	41,447	57,840	12,980
Yishujia (逸樹家小區)	91	–	–	–
Yihejiayuan Block A (頤和佳苑A區)	7,026	(61)[1]	(905)[1]	(81)[1]
Mingren Garden (名人小區)	11,831	6,948	1,489	812
Hongtai Meishuguan Phase I (宏泰美樹館一期)	–	19,116	30,852	13,787
Chengde (承德)				
Phase I (Plot A4) of Yulong Bay (御龍灣一期) (A4地塊)	–	15,359	42,760	7,097
Total	41,866	89,367	132,627	34,596
By type of properties				
Residential	24,853	81,314	129,160	30,143
Commercial	17,013	8,053	3,466	4,453
Industrial	–	–	–	–
Total	41,866	89,367	132,627	34,596

Note:

(1) Represents cancellation of the previous contracted sale orders by customers in this period when application process for the property titles took longer than expected after the relevant properties were delivered. For details, see "– Our Residential, Commercial and Industrial Projects – Property Development Process – Delivery of residential and commercial properties".

The site area information of properties in this prospectus is derived on the following basis:

- when we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in such land use rights certificates; and

- before we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in the relevant land grant contracts or the relevant government documentation relating to the projects, excluding, however, the areas earmarked for public infrastructure such as roads and community recreation zones.

The GFA information of properties in this prospectus is derived on the following basis:

- For total GFA,

  – when the construction of properties in the relevant projects is completed and we have received the ownership certificate, the total GFA information in respect of these projects refers to the total GFA in such ownership certificate;

  – if we have not obtained the ownership certificate but have the detailed construction drawings for the projects, the total GFA information in respect of these projects refers to the total GFA in such detailed construction drawings;

  – if we do not have the detailed construction drawings, but have obtained the construction works planning permits or construction land planning permits for the projects, the total GFA information in respect of these projects refers to the total GFA in such construction planning permits; and

  – if we have not obtained any of the above documents for the projects, the total GFA information in respect of these projects refers to the total GFA estimated based on our current development plans.

Total GFA stated in the ownership certificate, detailed construction drawings, construction works planning permits or construction land planning permits includes underground GFA. Underground GFA refers to basement and other underground spaces, generally used for parking purposes. The total GFA information in this prospectus includes saleable GFA, leasable GFA and non-saleable/non-leasable GFA. Saleable GFA and leasable GFA generally refer to commercial and residential properties (including internal floor area and shared areas in the building that are exclusively allocated to such properties). Non-saleable/non-leasable GFA generally refers to certain communal facilities as required by the government.

- For saleable/leasable GFA,

  – if we have obtained the pre-sale permits for the projects, the saleable/leasable GFA information refers to the saleable GFA in the pre-sale permits;

  – if we have not yet obtained the pre-sale permits but have the detailed construction drawings for the projects, the estimated saleable/leasable GFA information in respect of these projects refers to the estimated saleable GFA in such detailed construction drawings;

– if we have not obtained the detailed construction drawings but have obtained the construction work planning permits or construction land planning permits for the projects, the estimated saleable/leasable GFA information in respect of these projects is estimated based on our current development plans in accordance with such construction planning permits; and

– if we have not obtained any of the above documents for the projects, the estimated leasable/leasable GFA information in respect of these projects is estimated based on our current development plans.

- GFA sold information refers to the GFA in the relevant sale and purchase agreements or the area measure report on an aggregate basis and delivered by us to customers.

- GFA leased information refers to the GFA in lease agreements on an aggregate basis.

Unless the pre-sale of a project has started, we have provided an estimated pre-sale commencement date. Unless a project has already been completed, we have provided an estimated completion date. While these estimates are based on our management's best belief and knowledge, they are indicative only and subject to change.

Residential, Commercial and Industrial Properties in Longhe Park

Foxconn City (富士康城)

Foxconn City (富士康城) is a mixed development of residential and commercial project in Longhe Park. Foxconn City is planned to be developed in two phases, among which, Phase I was completed in October 2011 and Phase II is estimated to complete in December 2015. The completed Phase I has a total GFA of approximately 32,590 sq.m. and consists of two commercial buildings. Phase II is expected to have a total GFA of approximately 280,047 sq.m., consisting of 22 residential buildings with retail space, three commercial buildings and one kindergarten.

We commenced the pre-sale of Phase I in October 2011 and began delivering units of Phase I to our customers in November 2011. As of May 31, 2014, we sold and delivered 30,007 sq.m. of the residential and commercial units of Phase I.

Details of this project as of May 31, 2014 were as follows:

Phase	GFA				Actual/ Estimated commencement date	Actual/ Estimated completion date	Sold		Status
	Residential	Commercial	Ancillary areas(1)	Total(2)			Non-ancillary areas	Ancillary areas(1)	
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
Phase I	15,705	16,772	113	32,590	September 2010	October 2011	30,007	–	Completed
Phase II . . .	183,735	13,331	82,981	280,047	June 2014	December 2015	–	–	Planned for future development

Notes:

(1) Ancillary areas refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We entered into the relevant land grant contract in December 2010 and had paid the total land premium of RMB176.5 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB310.1 million. We estimate that we will incur additional development costs of RMB838.0 million for the completion of this project.

Chuangye Plaza (創業大廈)

Chuangye Plaza (創業大廈) is an office building project in Longhe Park. Chuangye Plaza is planned to be developed in two phases, among which, Phase I was completed and sold to a customer in November 2012 and Phase II is estimated to complete in September 2015. Phase II is expected to have a total GFA of approximately 29,407 sq.m., consisting of one 13-floor office building with an underground garage. Details of this project as of May 31, 2014 were as follows:

Phase	GFA			Actual commencement date	Estimated completion date	Pre-sold	Status
	Commercial	Ancillary areas(1)	Total(2)				
	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	
Phase II	24,971	4,436	29,407	February 2014	September 2015	–	Under development

Notes:

(1) Ancillary areas refer to underground garage.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

Chuangye Plaza Phase II (創業大廈二期) is developed by Langfang City Property. We entered into the relevant land grant contract in February 2012 and had paid the total land premium of RMB31.1 million in full. As of March 31, 2014, the total accumulated development costs incurred for Phase II was RMB42.5 million. We estimate that we will incur additional development cost of RMB121.9 million for the completion of this project.

Hongtai Longdi (宏泰龍邸)

Hongtai Longdi (宏泰龍邸) is a mixed development of residential and commercial project in Longhe Park. Hongtai Longdi is planned to be developed in two phases, among which, the commercial section of Hongtai Longdi Phase I (宏泰龍邸一期) was completed in December 2013 whilst the residential section of Phase I was completed in May 2014, and Phase II is estimated to complete in December 2015. Phase I has a total GFA of approximately 174,995 sq.m., consisting of five commercial buildings, eight residential buildings and an underground garage. Phase II is expected to have a total GFA of approximately 175,921 sq.m., consisting of one commercial buildings, nine residential buildings and an underground garage.

We commenced the pre-sale of Phase I in August 2012. We expect to commence pre-sale of Phase II in August 2014. As of May 31, 2014, we sold 4,376 sq.m. of the commercial section of Phase I.

Details of this project as of May 31, 2014 were as follows:

	GFA						Sold		
Phase	Residential	Commercial	Ancillary areas[1]	Total[2]	Actual commencement date	Actual/ Estimated completion date	Non-ancillary areas	Ancillary areas[1]	Status
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
Phase I	121,831	15,577	37,587	174,995	August 2011	May 2014	4,376	–	Completed
Phase II	107,808	6,382	61,731	175,921	February 2014	December 2015	–	–	Under development

Notes:

(1) Ancillary areas refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We entered into the relevant land grant contracts in November 2009 and May 2011 and had paid the total land premium of RMB340.0 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB915.9 million. We estimate that we will incur additional development costs of RMB545.9 million for the completion of this project.

Hongtai Commerce Plaza (宏泰商業廣場)

Hongtai Commerce Plaza (宏泰商業廣場) is a commercial project in Longhe Park. Hongtai Commerce Plaza is estimate to be completed in December 2016 and expected to have a total GFA of approximately 153,285 sq.m., consisting of three apartment buildings, one shopping mall and a garage. Details of this project as of May 31, 2014 were as follows:

GFA							
Residential	Commercial	Ancillary areas[1]	Total[2]	Estimated commencement date	Estimated completion date	Pre-sold	Status
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				
51,745	81,304	20,236	153,285	August 2014	December 2016	–	Planned for future development

Notes:

(1) Ancillary areas refer to underground garage.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We entered into the relevant land grant contracts in November 2009 and February 2012 and had paid the total land premium of RMB179.9 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB259.6 million. We estimate that we will incur additional development costs of RMB397.0 million for the completion of this project.

Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園)

Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園) is an industrial project in Longhe Park. It is planned to be developed in two phases, among which Phase I is estimated to be completed in May 2015 and Phase II is estimated to be completed in October 2016. Phase I is expected to have a total GFA of 77,195 sq.m., consisting of 114 plants, one electronic plant and one exhibition center. Phase II is expected to have a total GFA of 127,110 sq.m., consisting of five residential buildings for staffs, five electronic plants, three supporting buildings and eight multi-floor plants.

Details of this project as of May 31, 2014 were as follows:

	GFA						
Phase	Industrial	Ancillary areas(1)	Total(2)	Actual/Estimated commencement date	Estimated completion date	Pre-sold	Status
	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	
Phase I	77,195	–	77,195	May 2013	May 2015	–	Under development
Phase II	108,311(3)	18,799	127,110	October 2014	October 2016	–	Planned for future development

Notes:

(1) Ancillary areas refer to ancillary services area and underground garage.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

(3) Among the industrial lands, 35,822 sq.m. of which are planned to build residential buildings for staffs.

This project is developed by Langfang Vast Zhuoyou. We entered into the relevant land grant contracts in September 2011 and March 2012 and had paid the total land premium of RMB65.1 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB100.4 million. We estimate that we will incur additional development costs of RMB525.9 million for the completion of this project.

Longhe Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房))

Longhe Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)) is a public rental housing project in Longhe Park. The Longhe Park – Talent Home (Public Rental Housing) was completed in May 2014. It occupies a total GFA of approximately 24,346 sq.m. and consists of two low-rise residential buildings and one commercial building.

Details of this project as of May 31, 2014 were as follows:

GFA							
Residential	Commercial	Ancillary areas(1)	Total(2)	Actual commencement date	Actual completion date	Sold	Status
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	
20,516	1,785	2,045	24,346	March 2012	May 2014	–	Completed

Notes:

(1) Ancillary areas refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang Hongsheng. We entered into the relevant land grant contract in November 2011 and had paid the total land premium of RMB2.9 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB97.1 million. We estimate that we will incur additional development costs of RMB2.5 million for the completion of this project.

Gaodi Longhe Digital Technology Park (高迪龍河數碼科技城) (Gaodi Project)

Gaodi Longhe Digital Technology Park (高迪龍河數碼科技城) (Gaodi Project) is an industrial project in Longhe Park. The Gaodi Project is planned to have a site area of approximately 62,914 sq.m., consisting of research centre, training building and plants. Upon completion of this project, we expect to either sell the units in it or contribute this property as capital injunction into high-tech companies.

We entered into the relevant land grant contract in October 2013 and had paid the total land premium of RMB22.7 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB25.8 million. We estimate that we will incur additional development costs of RMB179.3 million for the completion of this project.

Residential and Commercial Properties in Other Areas

Yishujia (逸樹家小區) in Langfang, Hebei province

Yishujia (逸樹家小區) is a mixed development of residential and commercial project in Langfang, Hebei province. We completed construction of Yishujia (逸樹家小區) in October 2010. The completed Yishujia has a total GFA of approximately 160,079 sq.m. and consists of 31 residential buildings and ancillary retail area.

We commenced pre-sale in August 2005 and began delivering units to our customers in December 2010. As of May 31, 2014, we sold and delivered 139,099 sq.m. of the residential and commercial units.

Details of this project as of May 31, 2014 were as follows:

GFA						Sold		
Residential	Commercial	Ancillary areas(1)	Total(2)	Actual commencement date	Actual completion date	Non-ancillary areas	Ancillary areas(1)	Status
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
133,848	6,305	19,927	160,079	May 2005	October 2010	133,011	6,088	Completed

Notes:

(1) "Ancillary areas" refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We entered into the relevant land grant contract in June 2004 and had paid the total land premium of RMB87.5 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB390.0 million.

Yihejiayuan Block A (頤和佳苑A區) in Langfang, Hebei province

Yihejiayuan Block A (頤和佳苑A區) is a residential project in Langfang, Hebei province. We completed construction of Yihejiayuan Block A in October 2010. The completed Yihejiayuan Block A has a total GFA of approximately 84,575 sq.m. and consists of nine residential buildings.

We commenced pre-sale in February 2010 and began delivering units to our customers in October 2010. As of May 31, 2014, we sold and delivered 72,651 sq.m. of the residential and commercial units.

Details of this project as of May 31, 2014 were as follows:

GFA						Sold		
Residential	Commercial	Ancillary areas[(1)]	Total[(2)]	Actual commencement date	Actual completion date	Non-ancillary areas	Ancillary areas[(1)]	Status
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
67,791	8,351	8,433	84,575	June 2009	October 2010	72,651	–	Completed

Notes:

(1) "Ancillary areas" refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We obtained the land use rights in August 2006 and had paid the total land premium of RMB6.8 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB212.9 million.

Mingren Garden (名人小區) in Guangyang, Hebei province

Mingren Garden (名人小區) is a mixed development of residential and commercial project in Guangyang district of Langfang, Hebei province. We completed construction of Mingren Garden in December 2011. The completed Mingren Garden has a total GFA of approximately 64,284 sq.m. and consists of nine residential buildings with an underground garage.

We commenced pre-sale in September 2009 and began delivering units to our customers in December 2011. As of May 31, 2014, we sold and delivered 61,148 sq.m. of the residential and commercial units.

Details of this project as of May 31, 2014 were as follows:

GFA						Sold		
Residential	Commercial	Ancillary areas(1)	Total(2)	Actual commencement date	Actual completion date	Non-ancillary areas	Ancillary areas(1)	Status
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
54,206	4,462	5,616	64,284	June 2009	December 2011	56,999	4,148	Completed

Notes:

(1) "Ancillary areas" refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. Langfang City Property acquired the land use rights by merging with Langfang Xintiandi Property Development Co., Ltd.* (廊坊新天地房地產開發有限公司) in May 2008. As of March 31, 2014, the total development costs incurred for this project was RMB320.0 million.

Hongtai Meishuguan (宏泰美樹館) in Langfang, Hebei province

Hongtai Meishuguan (宏泰美樹館) is a residential project in Langfang, Hebei province. Hongtai Meishuguan is planned to be developed in two phases, among which, Phase I was completed in November 2013 and Phase II is estimated to complete in December 2014. The completed Phase I has a total GFA of approximately 134,565 sq.m. and consists of nine residential buildings. Phase II is expected to have a total GFA of approximately 121,955 sq.m., consisting of 25 residential buildings with underground garages.

We commenced the pre-sale of Phase I in May 2012 and began delivering units of Phase I to our customers in November 2013. As of May 31, 2014, we sold and delivered 63,371 sq.m. of the units of Phase I. We have commenced the pre-sale of Phase II in May 2014.

Details of this project as of May 31, 2014 were as follows:

	GFA						Sold		
Phase	Residential	Commercial	Ancillary areas(1)	Total(2)	Actual commencement date	Actual/Estimated completion date	Non-ancillary areas	Ancillary areas(1)	Status
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
Phase I	103,592	16,337	14,636	134,565	February 2012	November 2013	56,291	7,080	Completed
Phase II . . .	77,888	–	44,067	121,955	December 2013	December 2014	–	–	Under development

Notes:

(1) "Ancillary areas" refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We obtained the land use right through acquisition of an entity in August 2010 at a consideration of RMB210.0 million and subsequently paid an additional land premium of RMB87.3 million in November 2011 and had paid the total land premium in full. As of March 31, 2014, the total development costs incurred for this project was RMB816.4 million. We estimate that we will incur additional development costs of RMB178.6 million for the completion of this project.

Shangbei Complex (尚北綜合樓) in Langfang, Hebei province

Shangbei Complex (尚北綜合樓) is an office building project in Langfang, Hebei province. Shangbei Complex is estimated to be completed in June 2015. It is expected to have a total GFA of approximately 12,746 sq.m., consisting of 12-floor office building with an underground garage.

Details of this project as of May 31, 2014 were as follows:

GFA			Actual commencement date	Estimated completion date	Pre-sold	Status
Commercial	Ancillary areas[(1)]	Total[(2)]				
(sq.m.)	(sq.m.)	(sq.m.)				
10,691	2,055	12,746	May 2014	June 2015	–	Under development

Notes:

(1) "Ancillary Areas" refer to underground garage.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Langfang City Property. We entered into the relevant land grant contract in October 2004 and had paid the total land premium of RMB3.9 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB10.4 million. We estimate that we will incur additional development costs of RMB54.7 million for the completion of this project.

Shangshi Jiahua (尚世嘉華) in Langfang, Hebei province

Shangshi Jiahua (尚世嘉華) is a mixed of residential and commercial project in Langfang, Hebei province. Shangshi Jiahua is estimated to be completed in December 2015. It is expected to have a total GFA of approximately 177,190 sq.m., consisting of five residential buildings, six office buildings, 30 plants and an underground garage.

Details of this project as of May 31, 2014 were as follows:

GFA					Estimated commencement date	Estimated completion date	Pre-sold	Status
Residential	Commercial	Industrial	Ancillary areas[(1)]	Total[(2)]				
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	
86,662	7,880	22,112	60,536	177,190	August 2014	December 2015	–	Planned for future development

Notes:

(1) "Ancillary areas" refer to basement and underground garage.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is planned to be developed by Langfang City Property. We obtained the land use rights in December 2010, March 2011 and December 2013 and had paid the total land premium of RMB41.7 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB72.0 million. We estimate that we will incur additional development costs of RMB431.2 million for the completion of this project.

Qingnianhui (青年匯) in Langfang, Hebei province

Qingnianhui (青年匯) is a residential and commercial project in Langfang, Hebei province. Qingnianhui is estimated to be completed in December 2015. It is expected to have a total GFA of approximately 10,893 sq.m., consisting of one commercial buildings.

Details of this project as of May 31, 2014 were as follows:

GFA							
Residential	Commercial	Ancillary areas[1]	Total[2]	Estimated commencement date	Estimated completion date	Pre-sold	Status
(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	
6,201	2,540	2,152	10,893	June 2014	December 2015	–	Planned for future development

Notes:

(1) "Ancillary areas" refer to underground garage.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is planned to be developed by Langfang City Property. The relevant land for this project was acquired from a third party and we had paid the total land premium of RMB2.2 million. As of March 31, 2014, the total development costs incurred for this project was RMB2.7 million. We estimate that we will incur additional development costs of RMB37.4 million for the completion of this project.

Huahang Apartment (華航公寓) in Langfang, Hebei province

Huahang Apartment (華航公寓) is a residential project in Langfang, Hebei province. It is expected to have a total site area of approximately 10,557 sq.m., consisting of one residential building. As of May 31, 2014, we have not formed a definitive development plan for this project.

This project is planned to be developed by Langfang City Property. We entered into the relevant land grant contract in August 2002 and had paid the total land premium of RMB5.3 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB6.8 million.

Yulong Bay (御龍灣小區) in Chengde, Hebei province

Yulong Bay (御龍灣小區) is a mixed development of residential and commercial project in Chengde, Hebei province. Yulong Bay is planned to be developed in four phases, among which, Phase I was completed in June 2014, Phase II is expected to be completed in June 2017, Phase III and Phase IV in June 2018. Phase I (Plot A4) has a total GFA of approximately 157,113 sq.m., consisting of seven residential buildings with retail space, one commercial building and an underground garage and one kindergarten. Phase II (Plot A3) is expected to have a total GFA of approximately 161,405 sq.m., consisting of seven residential buildings with retail space, one commercial building, and an underground garage. Phase III (Plot A5) is expected to have a total GFA of approximately 238,225 sq.m., consisting of nine residential buildings with retail space and underground garages. Phase IV (Plot A6) is expected to have a total GFA of approximately 200,081 sq.m., consisting of ten residential buildings with retail space and underground garages.

We commenced the pre-sale of Phase I in June 2012. As of May 31, 2014, we pre-sold 68,380 sq.m. of the units of Phase I.

Details of this project as of May 31, 2014 were as follows:

Phase	GFA				Actual/Estimated commencement date	Actual/Estimated completion date	Pre-sold		Status
	Residential	Commercial	Ancillary areas(1)	Total(2)			Non-ancillary areas	Ancillary areas(1)	
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(sq.m.)	(sq.m.)	
Phase I (Plot A4)	120,974	5,289	30,850	157,113	September 2011	June 2014	65,216	3,164	Under development
Phase II (Plot A3)	103,880	16,136	41,389	161,405	August 2014	June 2017	–	–	Planned for future development
Phase III (Plot A5)	165,969	12,546	59,709	238,225	June 2015	June 2018	–	–	Planned for future development
Phase IV (Plot A6)	127,420	4,866	67,795	200,081	June 2015	June 2018	–	–	Planned for future development

Notes:

(1) "Ancillary areas" refer to basement, underground garage and communal facilities.

(2) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car park units), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

This project is developed by Chengde Yonglun. We entered into the relevant land grant contracts in April 2010 and July 2010 and had paid the total land premium of RMB260.4 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB713.8 million. We estimate that we will incur additional development costs of RMB1,890.6 million for the completion of this project.

Tanghai Project in Tangshan, Hebei province

Tanghai Project (唐海項目) is a commercial project in Caofeidian district of Tangshan, Hebei province. Tanghai Project is expected to have a total site area of approximately 665,935 sq.m. Tanghai project is expected to have a total GFA of approximately 203,800 sq.m. As of May 31, 2014, we have not formed a definitive development plan for this project. According to a supplemental agreement to the original land grant contract, we agreed to commence construction of Tanghai Project within one year after the new government planning of the surrounding area is issued. As of the Latest Practicable Date, such government planning was not issued yet by the local government.

This project is planned to be developed by Tangshan Zhanyao. We entered into the relevant land grant contract in August 2008 and had paid the total land premium of RMB150.0 million in full. As of March 31, 2014, the total development costs incurred for this project was RMB527.5 million.

Property Development Process

In developing a project, we follow a process of planning and execution that is systematic in approach while being flexible enough to accommodate new development in the fast-evolving business and regulatory environments of the real estate market in the PRC. Our headquarters and our regional project companies work closely together in developing a project. Our headquarters is responsible for making strategic decisions about project development such as site selection, planning and design and development schedule, while the regional project companies generally oversee the day-to-day operations of the project development.

Site Selection

All of our properties are currently located in Hebei province. We typically identify and evaluate a range of cities and sites in the PRC for potential property development opportunities. We collect relevant information regarding the potential acquisition opportunity and conduct preliminary feasibility studies and market research to evaluate the potential risks and return of the investment, potential property demand in that area, preferences of the target customer groups and potential competition from other property developers in the vicinity. We then draw up an initial project development blueprint and conduct a preliminary feasibility study. If we are satisfied with the result of the feasibility study, we will continue with our due diligence investigations and conduct a more detailed analysis of the potential acquisition.

We generally take into consideration various criteria when deciding whether to pursue a site at a particular time, which include: (i) adhering to land sites suitable for our development strategies, (ii) taking into consideration the real estate-related austerity measures, such as the prevailing national and local governmental policies, (iii) researching on the local market conditions and consumer behaviors, (iv) considering the growth potential of a particular site, and (v) focusing on locations with rapid economic growth and significant property appreciation potential and that offer a comfortable living environment with generous supporting infrastructure and proximity to cultural, leisure and commercial facilities, as well as sites with convenient access to public transportation.

Land Acquisition

We acquire land from the PRC government primarily through public tenders, auctions and listings-for-sale process. According to the Rules Regarding the Assignment of State-owned Land Use Rights by way of Tender, Auction or Listing-for-Sale (招標拍賣掛牌出讓國有建設用地使用權規定), which were promulgated by the MLR on September 28, 2007 and became effective on November 1, 2007, the PRC government may only grant land use rights in respect of State-owned land for business, tourism, entertainment and residential commodity property development purposes by way of public tenders, auctions or listings-for-sale process. See "Regulations – Property Development – Land for property development" for further details of the applicable PRC laws and regulations.

In addition, we may acquire land in the PRC by (i) investing in or taking over property holding companies, (ii) acquiring construction-in-progress from the original project owners, or (iii) establishing joint ventures with other real estate developers for land acquisition. With respect to our development of residential and commercial properties, our Directors believe that acquiring land at competitive prices is critical to our overall development strategy.

Project Planning and Design

We have standardized operating procedures that cover various phases in our development process, including planning and design. Our efficient and standardized project planning and design capabilities enable us to quickly determine and implement the positioning and design of projects. With the support of our planning, our project development department is responsible to coordinate with external design companies to generate the core concepts and master planning for our residential and commercial projects. Once the master design concept of a property development project is established, we contract out the detailed project design work to reputable architectural and design firms. Based on the master design concept, our planning and design department collaborates and works closely with the selected architectural and design firms in the design and planning of our industrial town projects and transform the concept into a more detailed design drawing, which must be approved by the relevant PRC governmental authorities. Once approved, the design drawing becomes the basis of the project.

Construction and Procurement

Selection of third-party contractors: We outsource our construction work to external construction contractors and select the construction contractors through a tender process. For the year of 2013 and the first quarter of 2014, we engaged 19 construction contractors and have maintained relationships ranging from one to nine years with these contractors. We have established a selection procedure to choose our construction contractors in order to ensure compliance with our quality and workmanship standards. We conduct detailed due diligence on the construction contractors during the bidding process. We typically take into account a construction contractor's professional qualifications, reputation in the industry, track record, prices tendered, financial condition and technical abilities.

Construction: The construction contractor is typically obliged to undertake the construction work in strict compliance with our designs and requirements, and to provide regular progress reports to enable us to closely monitor the construction progress. Payments to construction contractors are made in stages in accordance with the terms and conditions stipulated in the construction contract signed between the construction contractors and us. The percentage of each stage payment varies from project to project. At closing and settlement, generally, we will settle approximately 95% of the total payment, and retain approximately 5% as retention money. The retention money is used to cover any contingent expenses incurred as a result of any construction defects. The construction contractors are required to provide us with warranties, with warranty periods generally ranging from one to five years, for any losses we incur as a result of not meeting contractually or statutorily specified quality standards. The unused portion of the retention money will be returned to the contractors after the expiry of the warranty period. In general, where the construction schedules are delayed for more than the period of time as stipulated in the contracts, we will be entitled to a pre-determined amount as penalty. Our Directors believe that the amount of retention money we withhold under our construction contracts is in line with the industry practice in the PRC and is sufficient to cover the construction warranties we give to our customers under the sale and purchase agreements.

Procurement: We typically procure the construction materials to be used in our projects through our construction contractors. However, in certain circumstances, we are responsible for procuring specialized building materials, such as elevators, windows, doors and interior fixtures, while the construction contractors are responsible for procuring more general construction materials such as cement and steel. In most circumstances, we designate a few reputable suppliers from which our construction contractors can source materials. This is done in order to ensure that the construction materials meet our particular standards and requirements. The construction contractors also procure all equipment necessary for each project in accordance with specifications provided by us. During the Track Record Period and up to the Latest Practicable Date, we did not experience any delay or shortage of supply from our suppliers.

Quality Control

High quality residential and commercial properties are critical to our reputation and business success. We have placed, and will continue to place, significant emphasis on quality control over our project development to ensure regulatory compliance and high quality residential products. Quality control starts with the selection of high quality construction contractors, and we inspect and review the qualification and performances of these contractors regularly to ensure they are performing up to our standards. As of the Latest Practicable Date, we had 60 employees in our project management team and most of them have quality control related experience of three years or over.

We have also established a comprehensive set of standardized technical and quality inspection guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our construction processes of residential and commercial properties. Our quality inspection guidelines call for regular inspection of all our construction sites to ensure quality and safety at the project company level. In addition, we carry out random spot checks from time to time. Such inspections include on-site document reviews, employee interviews, work condition and product quality checks, information collection regarding safety and environmental issues. If any material concern is detected, remedial measures will be taken promptly and additional inspections will be carried out to ensure the deficiency is eliminated. Our construction management teams are comprised of qualified engineers and construction technicians.

In compliance with relevant PRC laws and regulations, we also engage qualified construction supervision companies to monitor certain aspects of our project construction, who shall report the progress and the quality conditions of the projects on a regular basis.

Our Directors confirm that during the Track Record Period, we had not encountered any material quality problems nor received any material complaints about the quality of our projects.

Sales and Marketing

Pricing: We price our residential and commercial properties primarily based on the estimated total costs and target profit, while also taking into account the prices of comparable properties in the same area and recent prevailing market price trends. We closely monitor and analyze the pricing strategies and promotion campaigns of other competing properties and adjust our marketing and pricing strategies as appropriate.

Marketing efforts: We have a designated team for the sales and marketing of our residential and commercial properties, which comprised 93 employees as of the Latest Practicable Date. We implement traditional marketing efforts, including outdoor billboards, advertisement on newspapers, magazines, television and internet. Our sales and marketing staff also distribute project promotion information via direct mails, text messengers or phone calls. We believe we provide relative competitive incentives to our sales and marketing staff, based on the performance evaluation of such individual sales and marketing personnel and their marketing teams.

Pre-sale

The sales process of our residential and commercial property projects generally begins with pre-sale. There are various PRC laws and regulations governing pre-sale of properties which impose conditions to be fulfilled before the pre-sale of a particular property can commence. These include obtaining the relevant land use rights certificate, the construction work planning permit and the construction work commencement permit. For further details of the laws and regulations governing pre-sale, see "Regulations – Property Development – Pre-sale of commodity properties". During the Track Record Period, we did not engage any sale agents to promote the sale of our residential and commercial properties.

We generally commence the pre-sales of our properties prior to completion of construction. Prior to starting pre-sale, we will complete and stage select demonstration units and display areas in order to provide visual presentations to our customers as to the quality of our products. We launch pre-sale upon the receipt of pre-sale permits in accordance with the PRC laws and regulations. Among others, we must fulfill the following conditions before we can obtain the pre-sale permits:

- the land premium is paid in full and the land use right certificate must have been obtained;
- the construction work planning permit and the construction work commencement permit must have been obtained;
- in terms of the commodity buildings put into pre-sale, at least 25% of the total amount of investment fund has been injected into the development and the progress of construction and the expected completion and delivery dates have been ascertained; and
- the pre-sale has been registered and a pre-sale permit has been obtained.

In addition, property developers are also required to use a standard pre-sale contract prescribed by the local authorities.

Our Directors confirmed that during the Track Record Period, we did not experience any significant delays in obtaining the aforesaid certificates and permits.

Payment for Our Residential and Commercial Properties

We typically require customers of our residential and commercial properties to pay non-refundable deposits before entering into formal purchase contracts, which are forfeited if the customers later decide not to enter into purchase contracts. Upon executing the purchase contracts, the customers are typically required to pay not less than 30% of the total purchase price of the property. Customers of our residential and commercial properties, including uncompleted properties sold in pre-sales, may arrange for mortgage loans with banks. Under current PRC laws and regulations, purchasers may obtain mortgage loans with a maximum repayment period of 30 years.

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 release or satisfaction of the repayment obligations after (i) the relevant property ownership certificate is delivered, or (ii) the mortgage loans are settled between the mortgagee banks and our customers. If a purchaser defaults under a mortgage loan, 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.

As of December 31, 2011, 2012 and 2013 and March 31, 2014, our outstanding guarantees in respect of the mortgages of our customers of residential and commercial properties amounted to RMB343.8 million, RMB386.5 million, RMB412.2 million and RMB438.2 million, respectively. Our general policy is that for purchasers purchasing through mortgage loans, if purchasers default on subsequent payment after the initial down payment, a penalty interest will be imposed on the amount due to us. During the Track Record Period, we have not encountered defaults by purchasers that, in aggregate, had a material adverse effect on our financial conditions and results of operations.

Delivery of Residential and Commercial Properties

We aim to deliver residential and commercial properties to our customers within the time frame prescribed in the sale/pre-sale and purchase contracts. Under the current PRC rules and regulations, we are required to obtain a "Record of Acceptance Examination Upon Project Completion" prior to delivering properties to our customers.

During the Track Record Period, there was a delay in the completion and delivery of certain units in Mingren Garden (名人小區) and Hongtai Meishuguan Phase I (宏泰美樹館一期), primarily due to unexpected geological conditions for construction of buildings. In the years of 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, we made an aggregate compensation amount of RMB3.0 million, nil, RMB0.4 million, nil and nil, respectively, to the relevant purchasers. Such amount was recorded as other losses. As of March 31, 2014, the outstanding claims for our delay in completion and delivery of properties amounted to RMB0.1 million. In addition, in 2013 and the three months ended March 31, 2014, we experienced return of properties of Yihejiayuan (頤和佳苑) in an amount of RMB8.4 million due to application process for the property title certificates taking longer than expected. Taking into consideration that the compensation amount and amount of properties returned during the Track Record Period were insignificant, our Directors are of the view that these late delivery incidents were not material and there will be no material adverse effect on our business operations and reputation as a result of such late delivery incidents. Our Directors further confirmed that during the Track Record Period we did not experience any material late delivery of residential or commercial properties, cancellation of sales contracts, return of properties, customer defaults, customer bankruptcy, forfeiture of properties or material late delivery of relevant title documents after sale. Delivering quality properties and providing high purchasing experiences to our customers are important factors to the success of our development of residential and commercial properties. Prior to delivery of properties to our customers, we conduct on-site inspections to ensure such properties are in compliance with statutory requirements and satisfactory condition. We then arrange for our customers to inspect their purchased unit prior to the expected delivery date to ensure the properties meet our prescribed standards as well as our customers' expectations. Once requisite records and certificates are obtained and the relevant acceptance inspection is conducted, we will notify our customers in respect of delivery. We will assist customers in applying for property ownership certificates and stay closely in touch with them after delivery to gather feedback for future improvement of our products and services.

In light of the aforementioned late delivery incidents, we have adopted a number of enhanced internal control measures. Before we enter into purchase agreements with purchasers of our properties, our legal department will review such agreements and coordinate with our project management and project development departments to ensure our construction schedule can meet the delivery timetable specified in the purchase contracts. In addition, we will continue to closely monitor the construction progress of our projects. If any potential delay is identified, we will work closely with our contractors and third-party professional inspectors to adjust our construction schedule and pre-delivery property inspections from time to time in order to ensure a timely delivery of properties. Furthermore, we will continue to maintain close communications with purchasers of our properties to assist their own inspection and acceptance of properties and application for property ownership certificates.

After-sales Services

We have a dedicated customer service team that provide comprehensive after-sales services. Our customer service team is also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to construction management team to improve our operation, including project design and marketing strategies.

Property Management Services for Our Residential and Commercial Properties

Maintaining high-quality property management services to our customers is of paramount importance to developing our brand and our reputation as a developer of high-quality residential and commercial properties. We provide property management services to the owners of our residential and commercial properties. The services provided by the above property management companies include security, maintenance of common facilities, gardening, landscaping and other ancillary services.

Under PRC laws and regulations, the home owners of a residential community of a certain scale have the right to change the property management service provider upon consent of a certain percentage of home owners. During the Track Record Period, we did not experience any incident where the owners of our properties terminated services of our property management companies.

Investment Properties

We retain a portion of the properties we developed for rental use and/or investment. We carefully monitor and assess the market conditions before marking our selection of properties with long-term investment value as investment properties. We take into account various factors such as location, land use plans, supporting commercial facilities in nearby proximity and our commercial interests in deciding whether properties should be held for sale or retained for investment purpose, and will from time to time adjust the portfolio of our investment properties for the best interest of our Group. As of May 31, 2014, we held four completed investment properties, namely, Chengxiang Building (城鄉大廈), Jinyue Building (金悦酒樓), Tianfu Center (天賦中心), Phase I and Phase II of SME Entrepreneurial Base (中小企業創業基地一期、二期), and one investment property planned for future development, namely, Phase III of SME Entrepreneurial Base (中小企業創業基地三期).

Civil Air Defense Area

According to the relevant PRC laws and regulations, new buildings in cities should contain certain basement areas which may be used for civil air defense purposes in time of war. As of May 31, 2014, our projects had a total civil air defense GFA of approximately 91,344 sq.m., or 3.5% of our land bank, calculated based on (i) the civil air defense GFA designed for our projects which were completed or under development as of May 31, 2014, and (ii) the civil air defense GFA designed for our properties held for future development as of May 31, 2014 which have obtained governmental approval. As of the Latest Practicable Date, we did not sell or lease any of the civil air defense area. Our Directors believe that our total civil air defense area is insignificant to our total properties and business operation, and we do not face material risks associated with such civil air defense area. Our PRC legal advisor, Jingtian & Gongcheng, has advised us that, our business operations with regard to our civil air defense area have complied with the applicable PRC laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

MAJOR SUPPLIERS

Our major suppliers include (i) construction contractors with respect to development of both our industrial town projects and properties for investment and sales, and (ii) the relevant local governments with respect to demolition, relocation and compensation process that may exist during our development of industrial town projects.

Construction Contractors

For the year of 2013 and the first quarter of 2014, we engaged 19 contractors, with which we have business relationships for a period ranging from one to nine years. Save as Langfang Hongtai Construction Co., Ltd.* (廊坊市宏泰建設有限公司) (now known as Langfang Xinjun Construction Co., Ltd.* (廊坊新郡建設有限公司)), one of our top five suppliers during 2011, 2012 and 2013, which was a former related party of our Group prior to December 2013, all of our construction contractors during the Track Record Period were Independent Third Parties. Our construction contractors include:

- for industrial town projects, construction companies that specialize in different aspects of industrial town development, such as facilities construction, power transmission and ecological protection; and

- for residential, commercial and industrial properties, civil engineering construction companies, as well as interior decoration, gardening and landscaping companies.

We typically select our third-party contractors for development of industrial town projects through direct contact and interview, and select our third-party contractors for development of residential and commercial projects through a tender process. For details of our contracts with our third-party contractors, including the credit terms and payment methods, see "– Development Process of Industrial Town Projects – Land Preparation and Infrastructure Construction". During the Track Record Period and up to the Latest Practicable Date, we did not experience significant delays, shortage or failure to meet our planned specification, timeline or budget with respect to our projects.

Demolition and Relocation

Due to the nature of our business, our industrial town projects require the services of the relevant governmental authorities to deal with the demolition, relocation and compensation of incumbent residents and businesses. As such, a local governmental authority in Langfang, Hebei province was one of our top five suppliers during the Track Record Period. Pursuant to our co-operation agreements with the relevant local governments, we are not involved in the resettlement of incumbent residents and businesses. The actual demolition, relocation and compensation process is executed by the relevant government authorities, over which we have no control, and we are merely responsible for making the payments in connection with the demolition and relocation process to the local governments solely for them to compensate the incumbent residents and businesses.

The demolition and relocation fees and expenses are determined based on applicable laws, regulations and policies, both at a national and a local level, and primarily include land compensation fee (土地補償費), new construction land use fee (新增建設用地有償使用費) and land reclamation fee (耕地開墾費) to compensate the incumbent residents and businesses. Such fees and expenses may vary in different cities due to the different national standards applicable to such city, as well as the requirements set forth by the local governments from time to time. For details, see "– Development Process of Industrial Town Projects – Land Preparation and Infrastructure Construction – Land preparation".

Our five largest suppliers accounted for 45.3%, 94.1%, 72.7% and 65.3% of our total amount of expenditure incurred for land development activities, properties under development and investment properties for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, respectively. Our single largest supplier for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014 accounted for 14.1%, 53.9%, 23.5% and 29.5% of our total amount of expenditure incurred for land development activities, properties under development and investment properties, respectively.

Save as Langfang Hongtai Construction Co., Ltd.* (廊坊宏泰建設有限公司) (now known as Langfang Xinjun Construction Co., Ltd.* (廊坊新郡建設有限公司)) as disclosed above, none of our Directors, their close associates or any of our Shareholders that, to the knowledge of our Directors, holding more than 5% of our share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers aforementioned.

MAJOR CUSTOMERS

We operate on a distinctive business model with respect to our development of industrial town projects. During the Track Record Period, our customers primarily included (i) resident enterprises in Longhe Park with respect to our industrial town development business; and (ii) individual purchasers of our residential and commercial properties, and tenants of our industrial properties. Our first enterprise customer entered into land grant contract to purchase land in Longhe Park in 2006.

With respect to our industrial town development business, we consider resident enterprises in our industrial town projects as our customers after taking into account the following:

- *Revenue recognition.* Our fee income derived from land development for our industrial town projects is recognized as revenue when land grant contracts are entered into between the relevant local governments and purchasers of land use rights to our industrial town projects and the amount of fee income can be measured reliably. As such, the recognition of our fee income as revenue depends on whether land use rights of the land developed by us are purchased by third-party enterprises. With respect to Longhe Park, pursuant to the Longhe Agreement, after the relevant land use rights are purchased by a purchaser and sale proceeds are paid by such purchaser, the Anci government shall timely pay us fees calculated as a proportion of the land sale proceeds. We are not entitled to receive any fees from the Anci government if the land use rights in respect of the land developed by us are not sold to a purchaser.

  Based on the fee arrangements under the Longhe Agreement, we develop land in the Longhe Projects at our own cost and risk. According to the Longhe Agreement, we shall raise funds for our development of Longhe Projects and bear the associated risks. In the event that the fees payable to us in connection with our land development are not sufficient to cover our costs, the Anci government is not responsible for any shortfall. Such fee arrangement directly links our economic interest and risks to the purchase of land use rights by resident enterprises in the Longhe Projects.

- *Co-operative relationships with the local governments.* We have formed a co-operative relationships with the local governments in terms of development of industrial town projects. With respect to Longhe Park, the principle of co-operation is explicitly set out in the Longhe Agreement. According to Longhe Agreement, such co-operative relationships has been established since the first co-operation agreement was entered into on August 5, 2005, and re-affirmed in the subsequent supplemental agreements. Under such relationship, both parties have to complete various steps of the land development process as required under the relevant laws, through which arrangement both parties cooperate to develop and prepare the land sites for future sale. As such, in each key step of land development, the Longhe Agreement requires both parties to be involved, and land development in Longhe Projects cannot be accomplished by one party only. We provide planning, development and operation services with our expertise and funds, while the local governments are responsible for, among others, (i) dealing with the actual demolition, relocation and compensation process, if applicable, (ii) obtaining the land quota and having such land use rights publicly auctioned, tendered or listed for sale, and (iii) retaining the ordinary municipal administration of the industrial towns developed by us. According to the Longhe Agreement, the Anci government is not only responsible for land sale, but also involved in other stages of land development such as obtaining land quota, undertaking the demolition and relocation of incumbent residents and businesses, and implementing the land sale plans adopted by us. The performance of these obligations requires the Anci government to interact and closely co-operate with us.

- *Pricing and term.* The payment to us under the Longhe Agreement is determined by reference to a pre-agreed percentage of the land sale proceeds paid by land purchasers and the term of the Longhe Agreement is 50 years, starting from August 2005. An agreement under such pricing mechanism and of such long term on an exclusive basis further demonstrates the co-operative relationship between the local government and us.

Based on the aforementioned reasons, although there is no direct contractual relationship between the purchasers of land use rights and us, our Directors are of the view that purchasers of land use rights in our industrial town projects are our customers from an accounting perspective and based on the terms set out in the Longhe Agreement and the nature of our land development activities. For risks associated with our work relationship with the local government, see "Risk Factors – Risks Relating to Our Business and Industries – Our business model depends on maintaining good working relationships with PRC local governments and we are exposed to risks associated with entering into co-operation agreements with them."

Our five largest customers accounted 56.2%, 64.0%, 80.1% and 66.5% of our total revenue for each of the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, respectively, and the percentage of our total revenue attributable to our largest customer was 26.6%, 45.9%, 36.2% and 55.7%, respectively. Our five largest customers in each of the years ended December 31, 2011, 2012 and 2013 were resident enterprises in our Longhe Park, except that our five largest customers in 2012 included (i) the local government of Anci District in Langfang, Hebei province, which purchased the whole building of Phase I of Chuangye Plaza developed by us in 2012, and (ii) an individual customer of properties developed by us. Our five largest customers in the three months ended March 31, 2014 consisted of a resident enterprise in Longhe Park ("Company G") and four purchasers of properties developed by us. Company G, an Independent Third Party, is principally engaged in the business of real estate development. We commenced our business relationship with Company G and its group companies in 2013 and Company G became our largest customer for the three months ended March 31, 2014. During the years ended December 31, 2011, 2012 and 2013, we did not have any revenue contribution from Company G.

To the best knowledge of our Directors, except as disclosed above, as of the Latest Practicable Date, Company G has no relationship with our Group, the shareholders, directors and senior management of our Company and subsidiaries, or any of their respective close associates. None of our Directors, their close associates or any of our Shareholders that, to the knowledge of our Directors, holding more than 5% of our share capital as of the Latest Practicable Date, has any interest in any of our five largest customers aforementioned.

AWARDS

We have won a number of awards and honors in recent years, primarily for our development of Longhe Park. These awards and honors include:

Year	Award
July 2005	one of the Top Ten Construction Work of Langfang Urban Development (廊坊市城市建設十大工程) by Langfang People's Government;
November 2006	Langfang Information Industry Base under the National Torch Plan (國家火炬計畫廊坊資訊產業基地) by the National Torch Plan Center (國家火炬計畫中心) and Langfang People's Government (廊坊市人民政府);
November 2006	Provincial Pilot Zone of Cyclic Economy (省級循環經濟產業示範區) by the Development and Reform Commission of Hebei Province (河北省發展和改革委員會);
December 2006	Hi-Tech Industry Pilot Zone of Hebei Province (河北省高新技術產業示範區) by the Science and Technology Department of Hebei Province (河北省科學技術廳);
January 2010	The Most Valuable Financial Ecology Development Zone in China (中國最具投資價值金融生態開發區) by World Bank Association (世界銀行協會), Asia Financial Research Center (亞洲金融研究中心) and certain other institutes;
May 2011	One of the first provincial industrial clustering areas (省級工業聚集區) by Hebei People's Government (河北省人民政府);
January 2014	The 2013 Demonstration Zone of New Urbanization Development in China (2013中國新型城鎮化發展示範開發區) by National Development Zone Investment Promotion Association (全國開發區招商促進會) and the China City Investment & Development Association (中國城市投資發展協會).

CORPORATE GOVERNANCE AND INTERNAL CONTROL

We have adopted a corporate governance framework pursuant to which our Board oversees the management and governance of our group and regularly monitors performance of our senior management. We have established an audit committee to review and supervise our financial reporting process and internal control system of our group.

We currently have an internal control department with seven employees who are responsible for internal review of key steps of our business operation and risk management. Members of our internal control department have considerable experience, ranging from three years to ten years, in internal audit and financial management. The head of our internal control department reports to our chairman and executive Director, Mr. Wang Jianjun.

Our internal control department places a great emphasis on risk prevention, which is carried out throughout our whole decision-marking, execution and supervision process and covers a broad range of business matters, including financial management, budget, cost, contracts, procurement and sale. Our internal control department has endeavored to identify potential issues in our business operation that need to be rectified to reduce risks we may face. It also evaluates the adequacy and effectiveness of our internal control measures and the execution of such measures on a regular basis with a focus on the internal communication, supervision, risk assessment and risk control. Once our internal control department identifies any potential issues that may have a negative impact on our business operations, it recommends measures to other relevant departments and/or our senior management to prevent or rectify such issues. Furthermore, our internal control department works with our other departments to improve our corporate governance, corporate structure and responsibility allocation among our various departments, with the aim of achieving an effective internal control over our business operations.

We have also adopted enhanced internal control measures in respect of certain historical non-compliance incidents. For details, see "– Historical Non-compliance Incidents".

LABOR, HEALTH AND SAFETY MATTERS

In respect of social responsibilities, in particular, labor, health and safety insurance, pursuant to the regulations of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) and its implementation regulations, the Labor Law of the People's Republic of China(中華人民共和國勞動法) and the Opinions on Several Questions concerning the Implementation of the Labor Law of the People's Republic of China (關於貫徹執行〈中華人民共和國勞動法〉若干問題的意見), an enterprise is required to execute an employment contract with each employee according to relevant laws and regulations and shall not rescind the employment contract without cause. An enterprise is required to have health and safety policies and provide health and safety trainings to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as any protective equipment if necessary. Pursuant to the regulations of the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees (國務院關於建立城鎮職工基本醫療保險制度的決定), the Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees(國務院管理建立統一的企業職工基本養老保險制度的決定), the Provisional Insurance Measures for Maternity of Enterprise Employees (企業職工生育保險試行辦法), the Regulations on the Management of Housing Provident Fund (住房公積金管理條例), the Regulations on Unemployment Insurance (失業保險條例) and the Regulations on Industrial Injury Insurance (工傷保險條例), an enterprise is required to purchase housing provident funds, basic medical insurance, pension insurance, maternity insurance, unemployment insurance, and personal injury insurance for its staff and pay the relevant insurance premiums according to law.

Under PRC laws and regulations, most of the potential liabilities to the workers and visitors of our construction sites rest with the construction companies we engage. 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. Under the Environmental and Hygienic Standards of Construction Work Site (建築施工現場環境與衛生標準), 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 trainings to workers who are exposed to the risk of occupational injuries.

Our Directors confirmed that, during the Track Record Period, there were no non-compliance incidents relating to safety or accidents during the construction of our industrial town projects or residential and commercial projects that resulted in material injuries or fatalities of the construction workers. Our Directors further confirmed that there was no material violation of currently applicable PRC labor, health and safety 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 labor, health and safety laws and regulations were imposed on us.

SOCIAL AND ENVIRONMENTAL MATTERS

We are subject to PRC national and local environmental laws and regulations governing air pollution, noise emissions, water and waste discharge and other environmental matters. For details, see "Regulations – Property Development – Environmental Protection in Construction Projects".

During the Track Record Period, no fines or penalties for non-compliance of PRC environmental laws and regulations were imposed on us. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our projects.

Our cost of compliance with applicable environmental rules and regulations for the years ended December 31, 2011, 2012 and 2013 was approximately RMB170,500, RMB60,000 and RMB40,000, respectively. We did not incur similar cost of compliance for the three months ended March 31, 2014. Taking into account the anticipated growth of our projects and historical expenditures, it is expected that the cost of compliance with applicable environmental rules and regulations will be not more than RMB160,000 in 2014.

COMPETITION

According to JLL, the market of developing industrial towns in China is relatively fragmented. However, as industrial town is an emerging model with a shorter history and the local government in a region usually exclusively cooperate with one service provider to develop each industrial town in such region, there are certain entry barriers to the PRC industrial town market. We primarily compete with other private service providers to attract enterprises to set up business in their industrial towns, and our industrial town projects also compete with traditional economic development zones and business parks to bring in enterprises. During the Track Record Period, we primarily provided services for industrial towns in Langfang. Our Longhe Park ranked No. 2 in terms of total GDP generated from industrial towns among all industrial towns in Langfang for year ended December 31, 2013. In addition to us, another major industrial town developer in Langfang is China Fortune Land Development Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600340), which develops and operates Gu'an Industrial Park and Dachang Chaobaihe Industrial Park.

We also compete with property developers in Hebei province. Competition in the property markets in second- and third-tier cities in China has intensified over the past few years. We compete against large national and regional property developers and overseas developers in China, including property developments similar to us. Major property developers in Langfang include China Fortune Land Development Co., Ltd., and Risesun Real Estate Development Co., Ltd, a company listed on Shenzhen Stock Exchange (stock code: 002146). Key competitive factors include the size and the geographic location of land reserves, the types of properties offered, brand recognition, price, and design and service quality.

For details, see "Industry Overview – Competition Landscape".

INSURANCE

We maintain assets insurance policies for our properties and assets and carry employer's liability insurance for medical and related expenses that our employees may incur as a result of personal injuries at their workplaces or on the construction sites of our property developments.

According to applicable PRC laws and regulations, we are not required to maintain insurance coverage in respect of our development of industrial town projects or residential and commercial projects. As such, we do not maintain insurance coverage on our industrial town projects or residential and commercial projects. Under PRC laws, construction companies as employers are required to purchase insurance for their construction workers. As we engage third-party contractors to carry out construction for our projects, we currently do not maintain such insurance ourselves.

Our Directors are of the view that the insurance coverage of our Group is adequate and is in line with customary industry practices and is adequate. However, there are risks for which we do not have sufficient or any insurance coverage for losses, damages and liabilities that may arise in our business operations.

PROPERTIES FOR OUR OWN USE

As of May 31, 2014, we owned properties with a total GFA of approximately 9,362 sq.m. and rented properties with a total GFA of approximately 1,622 sq.m. in Beijing and Hong Kong as office facilities. Our Directors confirm that the properties we own or rent do not have any defective titles which, individually or in the aggregate, will be material to our operations.

INTELLECTUAL PROPERTIES

We place significant emphasis on developing our brand image and resort to extensive trademark registrations to protect all respects of our brand image. As of the Latest Practicable Date, we have registered two trademarks in the PRC. We intend to apply for registration of our trademark in Hong Kong. As of the Latest Practicable Date, we had applied for the registration of two trademarks in the PRC. For further details of our intellectual property rights, see "Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights of Our Group" in Appendix V to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we were 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, and we were not involved in any litigation, arbitration or other legal proceedings for violation of intellectual property rights.

PERMITS AND LICENSES

The table below sets out a list of qualifications held by our subsidiaries engaged in development of residential and commercial properties as of the Latest Practicable Date in the PRC.

Entity	Name of the Certificate	Issuance Date	Expiry Date	Permitted Construction Scope and Size
Langfang City Property	Class 2 Qualification Certificate for Real Estate Development Enterprise (class 2) (Yi Jian Fang Kai Lang Zi No. 005	September 23, 2013	September 22, 2016	Undertake projects with a total GFA of not more than 250,000 sq.m. at one time
Langfang Vast Zhuoyou	Interim Qualification Certificate for Real Estate Development Enterprise (Yi Jian Fang Kai Lang Zi No. 610)	February 20, 2014	February 19, 2015	Undertake projects with a total GFA of not more than 100,000 sq.m. at one time
Tangshan Zhanyao	Class 4 Qualification Certificate for Real Estate Development Enterprise (class 4) (Yi Jian Fang Kai Tang Zi No. 436)	July 5, 2013	June 2, 2015	Undertake projects with a total GFA of not more than 100,000 sq.m. at one time

Entity	Name of the Certificate	Issuance Date	Expiry Date	Permitted Construction Scope and Size
Langfang Hongsheng	Class 4 Qualification Certificate for Real Estate Development Enterprise (class 4) (Yi Jian Fang Kai Tang Zi No. 325)	May 9, 2013	May 8, 2015	Undertake projects with a total GFA of not more than 100,000 sq.m. at one time
Chengde Yonglun	Class 4 Qualification Certificate for Real Estate Development Enterprise (class 4) (Yi Jian Fang Kai Cheng Zi No. 312)	August 21, 2013	August 8, 2015	Undertake projects with a total GFA of not more than 100,000 sq.m. at one time

EMPLOYEE

As of the Latest Practicable Date, we had 524 employees. Substantially all of our employees are located in China. The following table sets forth the number of our employees as categorized by function as of the Latest Practicable Date.

	Total
Marketing department	183
Financing department	36
Administration and human resources department	65
Procuring department	34
Project management department	60
Project development department	39
Strategic development	16
Audit monitoring department	8
Planning and design department	19
Land preparation department	64
Total	524

We actively recruit skilled and qualified personnel in local markets through various channels, such as on-campus recruitment programs, recruiting firms, internal referrals and advertisement on the Internet. We particularly value employees who demonstrate loyalty to their work and who values our corporate culture, as well as those with relevant working experience.

The remuneration package of our employees includes salary and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed a review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion.

We believe we have maintained good relationships with our employees. Although we have from time to time, are currently involved in and may in the future be involved in certain labor disputes, 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 systematic training programs for our employees based on their positions and expertise. For examples, training programs for members of our management teams focus on improving their management and leadership skills. We also provide trainings designed to improve sales capabilities for our marketing and sales personnel. In addition to the internal trainings, we also engage external experts or sponsor continuing educations for certain of our employees from time to time and encourage our employees to attend training programs in leading institutions in China.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we have not been, and are not, involved in any actual, pending or threatened litigation, arbitration, bankruptcy, receivership or claim that, individually or in the aggregate, could have a material adverse effect on our business, financial conditions or results of operations.

HISTORICAL NON-COMPLIANCE INCIDENTS

Set out below is a summary of certain incidents of our historical non-compliance with applicable regulations during the Track Record Period. Our Directors and the Sponsors consider that none of the legal and compliance matters as mentioned below will have any material operational or financial impact on the Group's operations. Having considered the facts and circumstances leading to the non-compliance incidents as disclosed in this section, our Directors' integrity, and our Group's internal control measures to avoid recurrence of the non-compliance incidents, and the preventive measures mentioned below, our Directors and the Joint Sponsors are of the view that (i) we have adequate and effective internal control procedures in place in accordance with the requirements under the Hong Kong Listing Rules; and (ii) the past non-compliance incidents will not affect the suitability of the Directors to act as directors of a listed issuer under Rules 3.08, 3.09 and 8.15 of the Hong Kong Listing Rules, and the suitability for listing of our Company under Rule 8.04 of the Hong Kong Listing Rules. We have engaged an internationally well-known consulting firm as our independent internal control consultant in November 2013. The independent internal control consultant reviewed our internal control policies between January to February 2014. For the non-compliance incidents, the independent internal control consultant had reviewed our rectification measures and put forward recommendations. We have implemented those rectification measures. Save as disclosed below, we have obtained and currently maintain all necessary permits and licenses that are material to our business operations, and, during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with the applicable PRC laws and regulations relating to our business operations in all material respects.

Non-compliance incident	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Cessation/Rectification date	Potential future impact on our operations and financial condition	Enhanced internal control measures to prevent recurrence of non-compliance
(A) Commencement of construction prior to obtaining the relevant construction permits					
We commenced construction of Hongtai Longdi (宏泰龍邸) and Longhe Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房), with a total planned GFA of 192,553 sq.m., before obtaining the relevant construction permits from the government authorities. We did not make provision for these non-compliance incidents, because we paid all the fines and the competent authority confirmed no additional fines or further punishment will be imposed on us. See "Risk Factors – Risks Relating to Our Business and Industries – Our business may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, the relevant PRC governmental approvals for our property development projects".	Based on our enquiry with the local government, our project company was not able to file applications to obtain the relevant construction permits primarily due to change of local urban planning by the governmental authorities and the local government was not able to identify the authority to which application should be made.	During the Track Record Period, we paid aggregate fines of RMB6.2 million for such non-compliance incidents.	We obtained the construction permits for Hongtai Longdi (宏泰龍邸) and Longhe Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)) on December 27, 2013, February 26, 2014 and February 27, 2014, respectively.	Langfang Construction Bureau (廊坊市建設局) confirmed in an interview conducted on February 21, 2014 that as it has imposed pecuniary penalties with respect to the aforementioned non-compliance incidents, it will not impose any additional fines or further punishment as long as the relevant construction permits are obtained. Our PRC legal advisor, Jingtian & Gongcheng, has advised that Langfang Construction Bureau is the competent authority to make the above confirmation. In view of the confirmation made by Langfang Construction Bureau and given that we have paid all penalties imposed by the competent government authorities, our Directors believe that the risk that we will be subject to additional penalties is remote, and such historical non-compliance incidents did not, and will not, have any material impact on our operation and financial condition.	• We provided, and intend to continue providing trainings to our employees in charge of application of construction permits to ensure strict compliance with the relevant PRC laws and regulations. We have also adopted an internal policy with respect to the responsibility of key personnel in property construction, and the relevant reporting and approval procedures within our Group. • Our internal control department and legal department performed, and intend to continue performing an internal review of project schedules and permits and licenses we have obtained on a monthly basis to avoid any potential early constructions.

Non-compliance incident	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Cessation/Rectification date	Potential future impact on our operations and financial condition	Enhanced internal control measures to prevent recurrence of non-compliance
(B) Delayed construction					
We failed to commence construction for a portion of Shangshi Jiahua (尚世嘉華) for more than two years from the prescribed commencement date under the relevant land grant contract, and a portion of Hongtai Commerce Plaza (宏泰商業廣場) was delayed for more than one year but less than two years from the prescribed construction commencement date under the relevant land grant contract. See "Risk Factors – Risks Relating to Our Business and Industries – The PRC government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts, and we may not be able to obtain the land use rights certificates with respect to certain parcels of land". We did not make provision for these non-compliance incidents, because we have obtained the respective confirmation letters for each project from competent authorities, confirming our extension of the respective project commencement dates. See "Regulations – Property Development – Commencement of a property project and the idle land".	• Shangshi Jiahua (尚世嘉華): demolition of existing buildings was not completed by the relevant local government in a timely manner. • Hongtai Commerce Plaza (宏泰商業廣場): the infrastructure construction has not yet been completed.	• Shangshi Jiahua (尚世嘉華): the relevant PRC government authorities may forfeit the land of site area of 40,000 sq.m. without compensation. • Hongtai Commerce Plaza (宏泰商業廣場): the government may impose a maximum land idle fee of RMB11.4 million representing 20% the land premium.	We applied for extension of the respective project commencement dates and obtained confirmation letters approving our application from Langfang Land Resource Bureau Anci Branch (廊坊市國土資源局安次區分 局), Anci People's Government (廊坊市安次區人民政府) and Langfang Land Resource Bureau Development Zone Branch (廊坊市國土資源局開發區分局), on January 13, 2014, February 25, 2014 and January 7, 2014. According to these confirmation letters, (i) the construction commencement date of Shangshi Jiahua is extended to August 2014, and no penalty will be imposed for our historical delay in construction of Shangshi Jiahua; and (ii) the construction commencement date and construction completion date of Hongtai Commerce Plaza is extended to August 2014.	We applied for extension of the respective project commencement dates and obtained confirmation letters from Langfang Land Resource Bureau Anci Branch (廊坊市國土資源局安次區分局), Anci People's Government (廊坊市安次區人民政府) and Langfang Land Resource Bureau Development Zone Branch (廊坊市國土資源局開發區分局) on January 13, 2014, February 25, 2014 and January 7, 2014, respectively, approving our application. Our PRC legal advisor, Jingtian & Gongcheng, has advised that Langfang Land Resource Bureau Anci Branch, Anci People's Government and Langfang Land Resource Bureau Development Zone Branch are the competent authorities to make the above confirmations. Jingtian & Gongcheng has further advised us that as of the Latest Practicable Date, none of the land owned by us has been considered as idle land by the relevant local governments under applicable PRC laws and regulations and the risk that the Group is subject to penalty or confiscation pursuant to the relevant PRC laws and regulations is remote. In view of these confirmation letters and based on the opinions of our PRC legal advisor, our Directors consider that our delay in construction of the relevant properties will not have any material operational or financial impact on our operations, and the risk that we will be subject to idle land fees and/or forfeiture of lands with respect thereto is remote.	• We have set up a team, supervised by Mr. Yang Yun, our executive Director, to oversee the construction schedule of properties. Our responsible staff for construction of each new project will be reminded to handle uncompleted scheduled tasks of projects and communicate with relevant government authorities in order to commence construction on time. • We have strengthened, and will continue to strengthen the internal coordination between our construction department, internal control department and project management department to ensure that we commence construction of our projects according to the timeline provided in land grant contracts. Our internal control department and legal department will also perform an internal review of project schedules on a monthly basis to avoid any potential idle land issues.

Non-compliance incident	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Cessation/Rectification date	Potential future impact on our operations and financial condition	Enhanced internal control measures to prevent recurrence of non-compliance
(C) Non-compliance under the Predecessor Companies Ordinance					
(1) Sheng Shi International; (2) King Billion Directors of Sheng Shi International failed to lay audited financial statements of Sheng Shi International for each of the seven years ended 31 December 2012 before its general meeting for the relevant period. Directors of King Billion failed to lay audited financial statements of King Billion for each of the six years ended 31 December 2012 before its general meeting for the relevant period.	Since incorporation, each relevant company has not engaged in any significant business activities in Hong Kong apart from acting as a holding vehicle for the PRC subsidiaries. As such, and due to the lack of the relevant professional knowledge of the ultimate shareholder of each relevant company, each relevant company did not employ dedicated accounting staff or appoint outside accountants to handle its accounting matters in Hong Kong.	Any director of the relevant companies at the material times may be liable to a fine of HK$300,000 and 12 months' imprisonment for breach of each count under section 122 of the Predecessor Companies Ordinance.	Such relevant financial statements for the relevant companies were subsequently prepared. With respect to the relevant companies, applications were made to the High Court of Hong Kong (the "**Court**") for orders for the extension of time for laying all the relevant financial statements of the relevant companies on 27 March 2014. As advised by the Counsel, the Court has discretion as to whether to grant such orders (the "**Orders**"). If the Orders are granted by the Court , Ms. Zhao Ying will cause China Vast International to pass a written resolution to approve the audited financial statements of the relevant companies in respect for all the past years once the Court grants the Orders. As such, and upon the approval by China Vast International for all such audited financial statements, all incidents of non-compliance contrary to section 122 of the Predecessor Companies Ordinance would be rectified.	As advised by the Counsel, the breaches of section 122 of the Predecessor Companies Ordinance are minor in terms of gravity. If the Orders are not granted, we would make a voluntary submission to the Companies Registry to disclose the past defaults of Sheng Shi International and King Billion in relation to the Predecessor Companies Ordinance and the result of the Court applications. It is possible that the Companies Registry may prosecute Sheng Shi International, King Billion and their respective directors in the future for offences arising from past defaults of the Predecessor Companies Ordinance. We will disclose the progress of this incident in the interim or annual reports of our Company after the Listing. Please refer to the risk factor "Risk factors – Risks Relating to Our Business and Industries – Our Group has had certain compliance irregularities which may lead to enforcement actions being taken". In the event of conviction, as advised by the Counsel, (a) the likelihood of the imposition of a maximum sentence would be extremely remote, and the amount of fine is unlikely to exceed HK$10,000 for each relevant company and for each director in respect of each relevant company and (b) the chance of imprisonment on the relevant directors is remote, given, amongst other things, that (i) it was the first offence (not prosecuted before) of the relevant companies and their respective directors, (ii) the breaches were not committed wilfully, and (iii) remedial action had been taken by the relevant companies.	• To avoid further non-compliance, we have taken additional measures to improve our corporate governance and internal control to ensure full compliance with applicable laws and regulations. Upon identification of the non-compliance, our Group has taken steps to rectify the same where possible. • Our Directors will ensure our Hong Kong subsidiaries will comply with the relevant regulatory requirements by designating our company secretary to (i) monitor the regulatory requirements in respect of our Hong Kong Subsidiaries, (ii) work closely with the external company secretary engaged by our Group, and (iii) keep abreast of the relevant regulatory requirements.

Non-compliance incident	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Cessation/Rectification date	Potential future impact on our operations and financial condition	Enhanced internal control measures to prevent recurrence of non-compliance
				According to the Counsel, based on pure mathematical summation, if both Sheng Shi International and King Billion are prosecuted and convicted, the estimated probable penalty to be imposed on (i) each of Ms. Zhao Ying, Mr. Wang Jianjun and Mr. Yang Jin, being Sheng Shi's directors, would be a total fine of HK$10,000, HK$10,000 and HK$10,000, respectively, (ii) each of Ms. Zhao Ying, Mr. Wang Jianjun and Mr. Yang Jin, being King Billion's directors, would be a total fine of HK$10,000, HK$10,000 and HK$10,000, respectively, and (iii) the relevant companies, on company level under section 122 of the Predecessor Companies Ordinance, would be a total fine of HK$20,000. The Controlling Shareholders have entered into a Deed of Indemnity in favour of us to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by Sheng Shi International and King Billion in connection with the aforesaid non-compliance occurred on or before the Listing Date. We believe that there is no material adverse effect on our Group as a whole. Accordingly, no provision has been made in the Group's financial information.	

OVERVIEW

Immediately after completion of the Global Offering (assuming the Listing takes place within 12 months from the Issue Date, the Over-allotment Option is not exercised and an Offer Price of HK$3.25 per Share, being the mid-point of the indicative Offer Price range), Ms. Zhao Ying, through Profit East, will be interested in approximately 72.05% of our Company's issued share capital. As such, Profit East and Ms. Zhao Ying will continue to be our Controlling Shareholders after Listing. For details of our Controlling Shareholders' background, please refer to "History, Development and Reorganization" and "Directors, Senior Management and Employees" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group can function, operate and carry on our business independently from our Controlling Shareholders and their respective close associates (other than our Group) based on the following reasons:

Management Independence

Our Board will comprise four executive Directors, one non-executive Director and three independent non-executive Directors upon Listing. The table below sets out the positions held by our Directors and senior management in our Company and Profit East as of the Latest Practicable Date:

Name of Director and senior management	Position in our Company	Directorship in Profit East as of the Latest Practicable Date
Mr. Wang Jianjun	executive Director, Chairman of the Board, and president	none
Mr. Yang Yun	executive Director and vice president	none
Mr. Wang Yagang	executive Director and vice president	none
Mr. Huang Peikun	executive Director and chief financial officer	none
Ms. Zhao Ying	non-executive Director	director
Ms. Zhang Xiaomei	independent non-executive Director	none
Mr. Wei Yu	independent non-executive Director	none
Dr. Wong Wing Kuen, Albert	independent non-executive Director	none
Mr. Xu Ming	vice president	none
Ms. Cui Xiangxu	vice president	none

Save for Ms. Zhao Ying, none of our Directors or members of the senior management holds any directorship or senior management position in Profit East. Our Company and Profit East are managed by different management teams. Therefore, there are sufficient non-overlapping Directors who are independent and have relevant experience to ensure the proper functioning of the Board.

On the basis of the following reasons, our Directors consider that our Board is able to perform and manage our business independently from the Controlling Shareholders:

(a) our Board will comprise nine Directors upon Listing and three of them are independent non-executive Directors, which represents one-third of the members of the Board. This is in line with the requirements under the Hong Kong Listing Rules. With one-third of our Board members are independent non-executive Directors, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving conflict of interest and protect the interests of our independent Shareholders;

(b) our Board is supported by an experienced full time management team. We have the capabilities and personnel to perform all essential administrative functions, including financial and accounting, human resources, business management and research and development on a stand-alone basis;

(c) each Director is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(e) connected transactions between our Group and our Controlling Shareholders or their respective close associates are subject to the requirements under the Hong Kong Listing Rules, including the requirements of reporting, announcement and independent Shareholders' approval (where applicable).

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently and manage our business independently from the Controlling Shareholders after Listing.

Operational Independence

We have full rights to make business decisions and to carry out our business independently from our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent of our Controlling Shareholders and their respective close associates after Listing:

(a) our Controlling Shareholders do not operate any business other than our business;

(b) save as disclosed in the sections headed "Risk Factors" and "Business" in this prospectus, we have obtained all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;

(c) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments;

(d) save for the related party transactions disclosed under note 41 to the Accountants' Report set out in Appendix I to this prospectus, there have been no business transactions between our Group and our Controlling shareholders or their associates and our Directors do not expect that there will be any transactions between our Group and our Controlling Shareholders or their respective associates upon or shortly after Listing; and

(e) none of our Controlling Shareholders and their respective close associates has any interest in any business which competes or is likely to compete with the business of our Group. Profit East is a holding company and does not carry on any business other than holding the equity interests in our Company.

Financial Independence

We have our own accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and we make financial decision according to our own business needs. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, none of the Controlling Shareholders or their respective close associates had provided any guarantee to our Group, save for (i) a loan of RMB95.0 million granted by a bank in the PRC in July 2011 for a term of five years at a floating rate of the equivalent RMB loan benchmark interest rate published by the PBOC, which was guaranteed by Ms. Zhao Ying and Mr. Wang Jianjun, her spouse; (ii) a loan of RMB200 million granted by a bank in the PRC in August 2013 for a term of one year at a fixed interest rate of 6.60%, which was guaranteed by Ms. Zhao Ying and Mr. Wang Jianjun; (iii) a loan of RMB100 million granted by a bank in the PRC in May 2013 for a term of one year at a floating interest rate of 10% above RMB loan benchmark interest rate published by the PBOC, which was guaranteed by Mr. Wang; (iv) a loan of RMB50.0 million granted by a bank in the PRC in June 2013 for a term a one year at a floating rate of 10% above RMB loan benchmark interest rate published by the PBOC, which was guaranteed by Mr. Wang; (v) a loan of RMB450 million granted by a bank in the PRC in January 2011 for a term of ten years at a floating rate of the equivalent RMB loan benchmark interest rate published by the PBOC, which was guaranteed by Ms. Zhao Ying and Mr. Wang, her spouse; and (vi) a loan of US$100,000,000 granted by Fine Process Limited, an Independent Third Party and a wholly-owned subsidiary of ICBC International Investment Management Limited in April 2014 for a term of two years at an effective interest rate of 15.76% per annum after taking into consideration initial transaction costs of approximately RMB13.1 million, which was guaranteed by Mr. Wang and Ms. Zhao Ying. Our Directors confirm that all financial assistance, including amounts due to or from, and loans or guarantee provided by our Controlling Shareholders or their respective close associates and other balances with related parties of our Group, have been or will be fully repaid or released prior to the Listing and our Group's accounting and finance functions are independent of our Controlling Shareholders. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Global Offering as we expect that our working capital will be funded by our operating income and bank borrowings without reliance on the Controlling Shareholders. Therefore, there is no financial dependence on the Controlling Shareholders.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Directors, including our independent non-executive Directors, confirm that, as of the Latest Practicable Date, none of our Controlling Shareholders, our Directors or any of their respective close associates had interests in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders (the "**Covenanters**") have entered into a Non-competition Deed in favor of our Company, pursuant to which each of the Covenanters has undertaken to our Company that she/it would not, and that her or its associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on her or its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with our existing core business (the "**Restricted Business**").

Such non-competition undertaking does not apply to:

(a) any opportunity to invest, participate, be engaged in and/or operate any Restricted Business which has first been offered or made available to our Company, and our Company, after review and approval by our Directors or Shareholders as required under the relevant laws and regulations, has declined such opportunity to invest, participate, be engaged in or operate the Restricted Business, provided that the principal terms by which any Covenanter (or her/its relevant associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favorable than those made available to our Company; or

(b) any interests in the shares or equity interest of any member of the Group; or

(c) interests in the shares of a company whose shares are listed on a recognized stock exchange, provided that:

    (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

    (ii) the total number of the shares held by any of the Covenanters and/or their respective associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Covenanters and/or their respective associates are not entitled to appoint a majority of the directors of that company.

The "restricted period" stated in the Non-competition Deed refers to the period during which (i) our Shares remain listed on the Hong Kong Stock Exchange; and (ii) the relevant Covenanters and/or their respective associates, individually or jointly, are entitled to exercise or control the exercise of no less than 30% of the voting power at general meetings of our Company.

The Covenanters have further undertaken to procure that, during the restricted period, any business investment or other commercial opportunity in the PRC relating to the Restricted Business (the "**New Opportunity**") identified by or offered to any of them, is first referred to us in the following manner:

(a) the Covenanters are required to refer, or to procure the referral of, the New Opportunity to us, and shall as soon as practicable, give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) such New Opportunity would constitute competition with our core business, and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the "**Offer Notice**"); and

(b) the Covenanters will be entitled to pursue the New Opportunity only if (i) they have received a notice from us declining the New Opportunity and confirming that such New Opportunity would not constitute competition with our core business, or (ii) they have not received any notice from us within twenty (20) Business Days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunity pursued by the Covenanters, they will refer the New Opportunity as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will seek opinions and decisions from our Board committee comprising independent non-executive Directors who do not have a material interest in the matter, as to whether (i) such New Opportunity would constitute competition with our core business, and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

Under the Non-competition Deed, in the event that, during the restricted period, any of the Covenanters or any of her/its associate (except any member of our Group) intends to dispose of any of the Restricted Business or any interest in the Restricted Business, the Covenanters shall first offer to us the right to acquire such business or interest at the same price and on other terms as offered by the intended buyer. The Covenanters or any of her/its associates (except any member of our Group) may only proceed with such disposal to any third party on terms not more favorable than those offered to us, following the rejection of such offer by us. We will also seek approval from our Board committee comprising independent non-executive Directors who do not have a material interest in the matter as to whether to pursue or decline such offer.

Our Directors consider that our independent non-executive Directors have sufficient experience in assessing whether or not to take up any New Opportunity or exercise the right of first refusal in respect of any Restricted Business. Our Board committee comprising independent non-executive Directors will review, on an annual basis, the compliance with the Non-competition Deed by the Covenanters, including New Opportunity and the exercise of the right of first refusal by our Controlling Shareholders on the existing or future competing businesses. In any event, the committee formed by our independent non-executive Directors may appoint financial advisors or professional experts to provide advice, at the cost of our Company, in connection with the exercise or non-exercise of the option or right of first refusal under the Non-competition Deed.

The Covenanters have further undertaken to:

(a) procure all relevant information relating to the implementation of the Non-competition Deed in their possession and/or the possession of any of their associates to be provided to us;

(b) allow, subject to confidentiality restrictions imposed by any third party, our representatives and those of our auditors to have access to such of their respective financial and corporate records as may be necessary for us to determine whether the non-competition undertakings have been complied with by the Covenanters and their respective associates;

(c) provide us, within twenty (20) Business Days from the receipt of our written request, with a written confirmation in respect of their compliance and that of their respective associates with the non-competition undertakings and consent to the inclusion of such confirmation in our annual report; and

(d) provide all information necessary for the annual review by the Board committee comprising independent non-executive Directors and the enforcement of the Non-competition Deed.

The Covenanters (for themselves and on behalf of their respective associates (except for any member of our Group)) have also acknowledged that we may be required by the relevant laws, regulations, rules of the stock exchange(s) on which we may be listed and the regulatory bodies, to disclose, from time to time, information on the New Opportunity and the right of first refusal in respect of the Restricted Business, including but not limited to disclosure in public announcements or our annual reports of decisions made by us to pursue or decline such New Opportunity or to exercise the right of first refusal and have agreed to such disclosure to the extent necessary to comply with any such requirement.

Our Directors have not engaged in any businesses which compete or are likely to compete, either directly or indirectly, with our business.

CORPORATE GOVERNANCE MEASURES

Our Board will consist of not less than three independent non-executive Directors and at least one-third of our Board will be independent non-executive Directors. This will help ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders.

We have adopted the following procedures for matters or transactions with potential conflicts of interest between us, on the one hand, and our Controlling Shareholders and their respective associates, on the other hand:

(a) The Articles of Association provide that if a Director is in any way interested in a contract, transaction or arrangement with our Company, the Director shall declare the nature of such interest at the earliest opportunity at which it is practicable for him or her to do so;

(b) Subject to certain exceptions, the Articles of Association provide that a Director shall not vote (nor shall he or she be counted in the quorum) on any resolution of our Board approving any contract, arrangement or proposal in which he or she, or any of his or her close associates, is, to his or her knowledge, materially interested. If he or she votes, his or her vote will not be counted (nor will he or she counted in the quorum for that resolution);

(c) We have established an audit committee, a remuneration committee and a nomination committee to assess and control, and ensure our Board is appropriately advised as to, matters relating to (among other things) our relationship with our external auditors and our internal audit function, the remuneration of the Directors and our senior management, and the composition of the Board, respectively. Our audit committee comprises independent non-executive Directors and each of our nomination committee and remuneration committee comprises a majority of independent non-executive Directors;

(d) We have entered into an agreement with a compliance advisor, Emperor Capital Limited, to provide us with professional advice and guidance in respect of compliance with the Hong Kong Listing Rules and relevant applicable laws.

In addition, the following measures will be adopted by us in respect of the enforceability of the Non-competition Deed:

(a) The independent non-executive Directors will review, on an annual basis, the Controlling Shareholders' compliance with the Non-competition Deed. The decisions on matters reviewed by our independent non-executive Directors relating to the enforcement of the non-competition deed (if any) will be disclosed in our annual report or, where the Board considers it appropriate, by way of an announcement; and

(b) Any New Opportunity under the Non-competition Deed and all other matters determined by our Board as having a potential conflict of interest with the Controlling Shareholders will be referred to our independent non-executive Directors for discussion and decision. When necessary, our independent non-executive Directors may consider engaging an independent financial advisor to advise them on these matters. In the event any New Opportunity presented by or otherwise arising in connection with any of the Controlling Shareholders are turned down by us according to Non-competition Deed, we will disclose the decision, as well as the basis for such decision in our annual report or interim report.

On the basis of the above, our Directors are satisfied that there are sufficient and effective preventive measures to manage conflicts of interest and our Board is able to operate independently of the Controlling Shareholders.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

Authorized share capital:

		HK$
5,000,000,000	Shares of HK$0.01 each	50,000,000

Shares in issued and to be issued, fully paid or credited as fully paid:

20,000	Shares in issue as at the date of this prospectus	200
100	Shares to be issued pursuant to the Capitalization of Loan	1
1,271,979,900	Shares to be issued pursuant to the Capitalization Issue	12,719,799
328,000,000	Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option is not exercised at all)	3,280,000
1,600,000,000	Total	16,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional, the Capitalization of Loan and Capitalization Issue are made but takes no account of any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as described below. If the Over-allotment Option is exercised in full, then 49,200,000 additional Shares will be issued resulting in an enlarged issued share capital of 1,649,200,000 Shares of HK$0.01 each in our Company.

RANKING

The Offer Shares and the Shares which may be issued pursuant to the exercise of the Over-allotment Option shall rank *pari passu* with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for any entitlement to the Capitalization Issue.

CAPITALIZATION OF LOAN

Pursuant to the loan capitalization agreement dated August 6, 2014 entered into by, among others, our Company and Profit East and the written resolutions of our Shareholders passed on August 6, 2014, our Directors were authorized to allot and issue 100 Shares credited as fully paid to Profit East immediately prior to the Listing by way of capitalization of the non-interest bearing shareholder's loan in the amount of US$38,270,000 provided by Profit East to our Company, and the Shares to be allotted and issued pursuant to the Capitalization of Loan shall rank *pari passu* in all respects with the existing issued Shares/including the entitlement to the Capitalisation Issue and the Shares to be issued pursuant to the Capitalization Issue.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on August 6, 2014, conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 1,271,979,900 Shares (the "Capitalization Shares") credited as fully paid at par to the Shareholder(s) whose name(s) appear on the register of members of our Company at the date of close of business on August 6, 2014 (or to such other person(s) as each of them may direct) on a pro rata basis by way of capitalization of the amount of HK$12,719,799 standing to the credit of the share premium account of our Company, and the Capitalization Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares and the Shares to be issued pursuant to the Capitalization of Loan.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering", our Directors have been granted a general unconditional mandate to issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors shall not exceed the aggregate of:

(i) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Capitalization of Loan, Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

The total nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to

(a) a rights issue;

(b) the exercise of any options under any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; or

(c) any specific authority granted by the Shareholders in general meeting.

This general mandate to issue Shares will expire at the earliest of:

(1) the conclusion of our next annual general meeting;

(2) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(3) when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see "Appendix V – Statutory and General Information – A. Further Information About Our Company And Our Subsidiaries – 3. Resolutions in Writing of Our Shareholders Passed on August 6, 2014".

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering", our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Hong Kong Listing Rules and all applicable laws. A summary of the relevant requirements under the Hong Kong Listing Rules is set out in the section "Appendix V – Statutory and General Information – A. Further Information About Our Company And Our Subsidiaries – 3. Resolutions in Writing of Our Shareholders Passed on August 6, 2014".

This general mandate to repurchase Shares will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see "Appendix V – Statutory and General Information – A. Further Information About Our Company And Our Subsidiaries – 3. Resolutions in Writing of Our Shareholders Passed on August 6, 2014".

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders' general meeting and class Shareholders' general meeting are required, please see "2. ARTICLES OF ASSOCIATION – (b) Alterations to constitutional documents, (c) Alteration of capital, (m) Dividends and other methods of distribution, (q) Quorum for meetings and separate class meetings and (s) Procedures on liquidation" in Appendix IV to this prospectus.

So far as our Directors are aware, immediately following the completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or a short position in the Shares or underlying shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Shares held immediately following the completion of the Global Offering (1)(5)	
		Number	**Percentage**
Profit East	Beneficial owner	1,152,746,154 (long position)	72.05%
Ms. Zhao Ying (2)	Interest of a controlled corporation	1,152,746,154 (long position)	72.05%
Mr. Wang Jianjun (3)	Interest of spouse	1,152,746,154 (long position)	72.05%
Chance Talent (4)	Beneficial owner	119,224,615 (long position)	7.45%

Notes:

(1) The calculation is based on the assumption that the Listing occurs within 12 months from the Issue Date, the Over-allotment Option is not exercised and that the Offer Price is fixed at HK$3.25 per Share, being the mid-point of the offer price range.

(2) Ms. Zhao Ying is the beneficial owner of the entire issued share capital of Profit East and is deemed to be interested in the Shares held by Profit East.

(3) Mr. Wang Jianjun, the spouse of Ms. Zhao Ying, is deemed to be interested in all the Shares in which Ms. Zhao Ying is interested.

(4) The exact number of Shares to be transferred to Chance Talent upon exercise by Chance Talent of the exchange rights under the Exchangeable Bonds will vary pursuant to the terms of the Exchangeable Bonds. For illustration purpose only, adopting the mid-point of the indicative Offer Price of HK$3.25 per Share. Chance Talent's interest in our Company upon Listing will range from approximately 6.46% to approximately 8.81%.

(5) Dyfed Holdings Limited ("Dyfed Holdings") has agreed to subscribe, as a cornerstone investor, for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be subscribed for with an aggregate amount of US$30 million (or approximately HK$232.5 million) at the Offer Price. Assuming an Offer Price of HK$3.25, being at the approximate mid-point of the Offer Price range set out in this prospectus, the total number of Shares to be held by Dyfed Holdings immediately following the completion of the Global Offering would be approximately 71,534,000 Shares (long position), representing approximately 4.47% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Assuming an Offer Price of HK$2.75, being at the low end of the Offer Price range set out in this Prospectus, the total number of Shares to be held by Dyfed Holdings immediately following the completion of the Global Offering would be approximately 84,541,000 Shares (long position), representing approximately 5.28% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised), and Dyfed Holdings will be a substantial Shareholder under the SFO. Huarong (HK) International Holdings Limited is the sole shareholder of Dyfed Holdings, and China Huarong Asset Management Co., Ltd. in turn controls Huarong (HK) International Holdings Limited. Huarong (HK) International Holdings Limited and China Huarong Asset Management Co., Ltd. will therefore be deemed to be interested in the Shares held by Dyfed Holdings under the SFO. For details, see the section headed "Our Cornerstone Investor" in this prospectus.

Save as disclosed above and in the section headed "Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders" in Appendix V to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business, and currently consists of nine Directors including four executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information in respect of members of our Board:

Name	Age	Date of joining the Group	Date of appointment as Director	Position	Roles and Responsibilities	Relationship with other Directors and senior management
WANG Jianjun (王建軍)	51	June 15, 1995	February 13, 2014	Chairman of the Board, president, executive Director and chairman of the nomination committee	Overall strategy, business development, investment planning and management of our Group	Spouse of Ms. Zhao Ying
YANG Yun (楊允)	40	August 3, 1998	March 17, 2014	Executive Director and vice president	Strategy and development, expansion of industrial town projects and property development and overall process management of property development	None
WANG Yagang (王亞剛)	33	May 20, 2002	March 17, 2014	Executive Director and vice president	Overall management of industrial town projects	None
HUANG Peikun (黃培坤)	52	November 17, 2013	March 17, 2014	Executive Director and chief financial officer	Financial management and control	None
ZHAO Ying (趙穎)	43	February 1, 2008	February 13, 2014	Non-executive Director and member of the remuneration committee	Participating in decision making procedures, but not participating in the day-to-day management	Spouse of Mr. Wang Jianjun
ZHANG Xiaomei (張曉梅)	43	August 6, 2014	August 6, 2014	Independent non-executive Director and member of the audit committee, nomination committee and remuneration committee	Participating in making significant decisions and giving advice on corporate governance, connected transactions, and remuneration and nomination of Directors and senior management, but not participating in the day-to-day management	None
WEI Yu (魏宇)	45	August 6, 2014	August 6, 2014	Independent non-executive Director, chairman of the remuneration committee and member of the audit committee and nomination committee	Participating in making significant decisions and giving advice on corporate governance, connected transactions, and remuneration and nomination of Directors and senior management, but not participating in the day-to-day management	None

Name	Age	Date of joining the Group	Date of appointment as Director	Position	Roles and Responsibilities	Relationship with other Directors and senior management
Dr. WONG Wing Kuen, Albert (王永權博士)	63	August 6, 2014	August 6, 2014	Independent non-executive Director and chairman of the audit committee	Participating in making significant decisions and giving advice on corporate governance, connected transactions, and remuneration of Directors and senior management, but not participating in the day-to-day management	None

Executive Directors

Mr. Wang Jianjun (王建軍), aged 51, was appointed as our Chairman and executive Director on February 13, 2014, and the chairman of nomination committee on August 6, 2014. Mr. Wang is also the founder and the president of our Group, responsible for our overall strategy, business development and investment planning. Mr. Wang has 19 years of experience in real estate industry. Mr. Wang is the spouse of Ms. Zhao Ying.

Mr. Wang is involved in various governmental associations, including being:

- deputy to the People's Congress in Hebei province;
- member of the Standing Committee of the People's Congress in Langfang City, Hebei province; and
- vice president (副會長) of Langfang Industrial and Commercial Association (廊坊市工商業聯合會).

Mr. Wang received his college diploma (專科) in administration management (行政管理) from the Rural Enterprises Managers & Leaders Institute of the Ministry of Agriculture (農業部鄉鎮企業管理幹部學院), located in the PRC, in June 1995. He was qualified as a senior engineer (高級工程師) by the Title Reform Leadership Group of Hebei Province (河北省職稱改革領導小組), a governmental authority, in December 2001.

Mr. Wang is the founder of our Group and his major work experience includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Langfang City Property	Property development and provision of after sales service	From June 1995 to present	Chairman and president	Decision making and in charge of daily operation and overall technology and business management
Langfang Sheng Shi Construction	Planning, design and development of industrial town projects	From August 2005 to present	Executive director	In charge of overall business management
Langfang Sheng Shi Construction	Planning, design and development of industrial town projects	From December 2005 to present	President	In charge of overall business management

Mr. Yang Yun (楊允), aged 40, was appointed as our executive Director on March 17, 2014. Mr. Yang is the vice president of our Group, responsible for strategy and development, expansion of industrial town projects and property development and overall process management of property development. Mr. Yang has 16 years of experience in real estate industry. He received his bachelor's degree in real estate management (房地產經營管理) from Jiangxi University of Finance and Economics (江西財經大學), located in the PRC, in July 1998. He was qualified as an assistant economist (助理經濟師) by the Title Reform Office of Langfang Economic Development Zone (廊坊開發區職改辦) in October 1999.

Major work experience of Mr. Yang includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Langfang City Property	Property development and provision of after sales service	From August 1998 to August 2000	Sales manager	In charge of sales management
Langfang City Property	Property development and provision of after sales service	From August 2000 to August 2006	Vice general manager	Assisting president on daily operation
Langfang City Property	Property development and provision of after sales service	From August 2006 to present	Vice president	Overall process management of property development

Mr. Wang Yagang (王亞剛), aged 33, was appointed as our executive Director on March 17, 2014. Mr. Wang Yagang is the vice president of our Group, responsible for overall management of industrial town projects. Mr. Wang has 12 years of experience in the real estate industry. He graduated from Agriculture University of Hebei (河北農業大學), located in the PRC, in management of urban economics (城鎮經濟管理), in December 2004.

Major work experience of Mr. Wang includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Langfang City Property	Property development and provision of after sales service	From May 2002 to August 2006	Office chief (辦公室主任)	In charge of office administration
Langfang Sheng Shi Construction	Planning, design and development of industrial town projects	From August 2006 to present	Vice president	Assisting president on overall management of industrial town projects

Mr. Huang Peikun (黃培坤), aged 52, was appointed as our executive Director on March 17, 2014. Mr. Huang is the chief financial officer of our Group, responsible for our financial management and control. Mr. Huang has 11 years of experience in business management. He received his master's degree in management science and engineering (管理科學與工程) from Zhejiang University (浙江大學), located in the PRC, in December 1999 and executive master of business administration degree from The Hong Kong University of Science and Technology (香港科技大學), located in Hong Kong, in June 2012. He was qualified as a senior accountant (高級會計師) by the Department of Personnel Affairs of Guangdong Province (廣東省人事廳) in February 2000.

Major work experience of Mr. Huang includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
China Merchants Property Development Holding Co., Ltd. (招商局地產控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000024)	Property development and utilities management	From February 2003 to October 2007	Chief financial officer (財務總監)	In charge of investment, financial and cost management
China Merchants Property Development Holding Co., Ltd. (招商局地產控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000024)	Property development and utilities management	From October 2007 to July 2013	Director and chief financial officer	In charge of investment, financial and cost management
China Merchants Land Limited (招商局置地有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00978)	Property development and management	From June 2012 to August 2013	Chairman of the board	In charge of formulating business strategies
Langfang Vast Zhanyao	Property development	From November 2013 to present	Chief financial officer	Assisting president on overall business management
Langfang Vast Zhuoyou	Property development	From November 2013 to present	Chief financial officer	Assisting president on overall business management
Tangshan Zhanyao	Property development	From November 2013 to present	Chief financial officer	Assisting president on overall business management

Non-executive Director

Ms. Zhao Ying (趙穎), aged 43, was appointed as our non-executive Director on February 13, 2014 and a member of remuneration committee on August 6, 2014. Ms. Zhao has six years of experience in real estate industry. Ms. Zhao is the spouse of Mr. Wang Jianjun.

Major work experience of Ms. Zhao includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Langfang City Property	Property development and provision of after sales service	From February 2008 to present	Director	Participating in decision making procedures, but not participating in the day-to-day management

Independent Non-executive Directors

Ms. Zhang Xiaomei (張曉梅), aged 43, was appointed as our independent non-executive Director on August 6, 2014 and a member of audit committee, nomination committee and remuneration committee on August 6, 2014. Ms. Zhang has over 15 years of experience in business management. She received her bachelor's degree in Accounting from the Beijing College of Economics (北京經濟學院), now known as the Capital University of Economics and Business (首都經貿大學), located in the PRC, in July 1992 and her executive master of business administration degree from The Cheung Kong Graduate School of Business (長江商學院), located in the PRC, in September 2010.

Major work experience of Ms. Zhang includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Avon Products (China) Co., Ltd. (雅芳(中國)有限公司)	Manufacturer and global distributor of beauty, household, and personal care products	From September 1999 to February 2006	General manager in Beijing area (北京地區總經理), general manager in North China area (華北地區總經理), sales director in North China (中國北區銷售總監) and senior sales director in North China (中國北區高級銷售總監)	In charge of sales and marketing
Elizabeth Arden (Shanghai) Cosmetics and Fragrances Trading Ltd	Manufacturer and global distributor of skin care and beauty products	From March 2006 to December 2010	Sales director in China area (中國地區銷售總監)	In charge of sales and marketing
Riverside Investment Group Co., Ltd.* (山水文園投資集團有限責任公司)	Investment in real estate, finance, tourism, culture, advertisement and media	From January 2011 to May 2011	Vice president	In charge of human resources, investment and financing
Wanda Department Store Co., Ltd.* (萬達百貨有限公司)	Chain department store and retail	From June 2011 to June 2013	Vice general manager	In charge of business promotion activities in China
Riverside Investment Group Co., Ltd.* (山水文園投資集團有限責任公司)	Investment in estate, finance, tourism, and culture and advertisement and media, etc.	From June 2013 to present	President	In charge of overall business management

Mr. Wei Yu (魏宇), aged 45, was appointed as our independent non-executive Director on August 6, 2014 and the chairman of remuneration committee and a member of audit committee and nomination committee on August 6, 2014. Mr. Wei has 11 years of experience in business management. He attended an executive master of business administration programme at Cheung Kong Graduate School of Business (長江商學院), located in the PRC, in October 2007.

Major work experience of Mr. Wei includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Beijing Artes Investment Co., Ltd.* (北京阿特斯投資有限公司)	Solar power company	From January 2003 to present	Director and general manager	Decision making and in charge of daily operation
China Railway Modern Logistics Technology Co., Ltd.* (中鐵現代物流科技股份有限公司)	Logistics company	From January 2007 to present	Vice chairman of the board of directors	In charge of the formulation of strategies, financial and cost management, investment and the profit distribution
Beijing Bishui Kaiyuan Asset Management Center* (北京碧水開元資產管理中心)	Investment management, assets management and relating consultation	From December 2010 to present	Delegate (委派代表)	Decision making and in charge of daily operation
Beijing Bishui Xinsheng Asset Management Center* (北京碧水鑫盛資產管理中心)	Investment management, assets management and relating consultation	From December 2010 to present	Delegate (委派代表)	Decision making and in charge of daily operation
Beijing Bishui Runlin Asset Management Center* (北京碧水潤霖資產管理中心)	Investment management, assets management and relating consultation	From December 2010 to present	Delegate (委派代表)	Decision making and in charge of daily operation
Guangxi Dirun Mining Investment Co., Ltd.* (廣西地潤礦業投資有限公司)	mining company	From April 2011 to present	Director	In charge of the formulation of strategies, financial and cost management, investment and the profit distribution

Employer	Employer's principal business	Term of office	Position	Responsibility
Beijing Xingfu Hengyuan Investment Management Co., Ltd.* (北京幸福恒遠投資管理有限公司)	Investment management, assets management and consultation	From May 2012 to present	Director	In charge of the formulation of strategies, financial and cost management, investment and the profit distribution
Guangzhou Zhongtie Taibo Real Estate Co., Ltd.* (廣州中鐵泰博置業有限公司)	Property development and management	From July 2013 to present	Vice chairman of the board of directors	In charge of the formulation of strategies, financial and cost management, investment and the profit distribution
500.com Limited, a company listed on the New York Stock Exchange (NYSE: WBAI)	Online sports lottery service provider	From November 2013 to present	Independent non-executive Director	Participating in making significant decisions and giving advice on corporate governance, connected transactions, and remuneration and nomination of Directors and senior management, but not participating in the day-to-day management
Guizhou Longyuan Real Estate Co., Ltd.* (貴州龍緣置業有限公司)	Property development and management	From March 2014 to present	Vice chairman of the board of directors	In charge of the formulation of strategies, financial and cost management, investment and the profit distribution

Dr. Wong Wing Kuen, Albert (王永權博士), aged 63, was appointed as our independent non-executive Director on August 6, 2014 and the chairman of audit committee on August 6, 2014. Dr. Wong has ten years of experience in accounting. He holds a Doctor of Philosophy in Business Administration from the Bulacan State University, Republic of the Philippines since December 4, 2010. He is member of following institutions, including being:

- a fellow member of The Institute of Chartered Secretaries and Administrators;
- a fellow member of The Hong Kong Institute of Chartered Secretaries;
- a fellow member of The Taxation Institute of Hong Kong;
- a member of the Hong Kong Securities and Investment Institute;
- a member of the Hong Kong Securities Institute;
- a fellow member of Association of International Accountants;
- a fellow member of Society of Registered Financial Planners;
- a member of The Chartered Institute of Arbitrators;
- an associate member of The Chartered Institute of Bankers in Scotland; and
- a full member of Macau Society of Certified Practicing Accountants.

Major work experience of Dr. Wong includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
APAC Resources Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1104)	Natural resources investment and commodities business	From July 6, 2004 to present	Independent non-executive director, chairman of audit committee	Review and supervise financial reporting process and internal control system and provide advice and comments
Solargiga Energy Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 757)	Manufacturer of mono-crystalline silicon solar ingots and wafers	From January 12, 2008 to present	Independent non-executive director, chairman of audit committee	Review and supervise financial reporting process and internal control system and provide advice and comments
Rare Earths Global Limited, a company listed on the London Stock Exchange – AIM Market	Mining services	From April 4, 2012 to present	Independent non-executive director, chairman of audit committee	Review and supervise financial reporting process and internal control system and provide advice and comments
China Merchants Land Limited, a company listed on the Hong Kong Stock Exchange (stock code: 978)	Property development and management	From June 2, 2012 to present	Independent non-executive director, chairman of audit committee	Review and supervise financial reporting process and internal control system and provide advice and comments
KND & Co. CPA Limited	Private professional accounting firm in Hong Kong	From January 2, 2014 to present	Principal consultant	Provision of accounting service

Please refer to the section headed "Statutory and General Information – C. Further Information About Our Directors And Substantial Shareholders" in Appendix V to this prospectus for details of our Directors' interests in our Shares (within the meaning of Part XV of the SFO), particulars of our Directors' service agreements and Directors' remuneration.

Save as disclosed above, none of the directors has been a director in any public companies, the securities of which are listed in Hong Kong or overseas stock markets over the past three years, and there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

SENIOR MANAGEMENT

The following table sets forth certain information regarding the Group's senior management.

Name	Age	Date of joining the Group	Position	Roles and Responsibilities	Relationship with other Senior management and Directors
WANG Jianjun (王建軍)	51	June 15, 1995	Chairman of the Board, executive Director, president and chairman of the nomination committee	Overall strategy, business, investment planning and management of our Group	Spouse of Ms. Zhao Ying
YANG Yun (楊允)	40	August 3, 1998	Executive Director and vice president	Strategy and development, expansion of industrial town projects and property development and overall process management of property development	none
WANG Yagang (王亞剛)	33	May 20, 2002	Executive Director and vice president	Overall management of industrial town projects	none
HUANG Peikun (黃培坤)	52	November 17, 2013	Executive Director and chief financial officer	Financial management and control	none
XU Ming (徐明)	47	March 20, 2006	Vice president	Capital management and the daily operation of Langfang Sheng Shi Construction	none
CUI Xiangxu (崔向旭)	44	June 15, 1995	Vice president	Finance, cost and legal management	none

Our executive Directors, namely Wang Jianjun (王建軍), Yang Yun (楊允), Wang Yagang (王亞剛) and Huang Peikun (黃培坤), concurrently hold senior management positions in our Group. For each of their biographies, please refer to "– Board of Directors – Executive Directors" in this section above.

Mr. Xu Ming (徐明), aged 47, was appointed as our vice president on March 20, 2006. He is responsible for our capital management and the daily operation of Langfang Sheng Shi Construction. Mr. Xu has 30 years of experience in business management. He has been the member of the Standing Committee of the seventh Chinese People's Political Consultative Conference in Anci district, Langfang City, Hebei province (廊坊市安次區政協七屆委員會常務委員) since January 2012. Mr. Xu graduated from Tianjin University of Finance and Economics (天津財經大學), formerly known as Tianjin College of Finance and Economics (天津財經學院), located in the PRC, in master's course of economics (經濟學) in June 1999. He was qualified as a senior economist (高級經濟師) by the Agriculture Bank of China, Hebei branch (中國農業銀行河北省分行) in December 1999.

Major work experience of Mr. Xu includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Agriculture Bank of China, Langfang Branch (農業銀行廊坊分行)	General banking service	From September 1984 to January 1998	Staff, vice chief (副處長) and chief (處長) of credit department	In charge of daily operation of credit department
Agriculture Bank of China, Langfang Branch, Jiefang Lane Sub-branch (農業銀行廊坊分行解放道支行)	General banking service	From January 1998 to March 2006	President (行長)	In charge of overall business management
Langfang Sheng Shi Construction	Planning, design and development of industrial town projects	From March 2006 to present	Standing vice president (常務副總裁)	Assisting president on daily operation

Ms. Cui Xiangxu (崔向旭), aged 44, was appointed as our vice president on August 3, 2006. She is responsible for our finance, cost and legal management. Ms. Cui has 19 years of experience in business management in real estate market. Ms. Cui graduated from the Lang Fang Radio & TV University (廊坊廣播電視大學), located in the PRC, majoring in accounting (會計學), a correspondence course, in July 1992. She was qualified as an economist (經濟師) by the Medium Level Title Assessment Committee for Langfang Rural Enterprises (廊坊市鄉鎮企業中級職稱評委會) in September 2001.

Major work experience of Ms. Cui includes:

Employer	Employer's principal business	Term of office	Position	Responsibility
Langfang City Property	Property development and provision of after sales service	From June 1995 to August 1998	Manager in finance department	In charge of the daily operation of finance department and formulating financial plan
Langfang City Property	Property development and provision of after sales service	From August 1998 to August 2006	Vice general manager	Assisting president on daily operation
Langfang City Property	Property development and provision of after sales service	From August 2006 to present	Vice president	Assisting president on daily operation

Save as disclosed in this prospectus, each of our members of our senior management has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Ms. To Yee Man (杜依雯), aged 30, was appointed as the company secretary of our Group on March 4, 2014. Ms. To has more than seven years of experience in accounting and finance. She had been working at Ernst & Young from September 2006 to August 2013 and served as an audit manager (審計經理) before her resignation. Ms. To received her bachelor of business administration in operations management and accounting from Hong Kong University of Science and Technology, Hong Kong, in June 2006. She has been a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010.

BOARD OF DIRECTORS' COMMITTEES

The Board delegates certain responsibilities to various dedicated committees. In accordance with the relevant regulations, the Articles and the Hong Kong Listing Rules, we have formed three board committees, including the audit committee, the nomination committee and the remuneration committee.

Audit Committee

The audit committee of the Company consists of three Directors, namely Dr. Wong Wing Kuen, Albert, Zhang Xiaomei and Wei Yu. The chairman of the audit committee is Dr. Wong Wing Kuen, Albert, our independent non-executive Director.

The primary duties of our audit committee are to review and supervise our financial reporting process and internal control system and provide advice and comments to our Board.

Remuneration Committee

The remuneration committee of the Company consists of three Directors, namely Wei Yu, Zhao Ying and Zhang Xiaomei. The chairman of the remuneration committee is Wei Yu, our independent non-executive Director.

The primary duties of our remuneration committee are to make recommendations to our Directors on our policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration, determine the terms of the specific remuneration package of such executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

The nomination committee of the Company consists of three Directors, namely Wang Jianjun, Wei Yu and Zhang Xiaomei. The chairman of the nomination committee is Wang Jianjun, our chairman and executive Director.

The primary duties of our nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to our Board on the selection of individuals nominated for directorships, assess the independence of our independent non-executive Directors and make recommendations to the Board on the relevant matters relating to the appointment or reappointment of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we will comply with the Corporate Governance Code after the Listing.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the role of chairman and the president should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and president as Mr. Wang Jianjun currently performs these two roles. Our Board believes that vesting the roles of both chairman and president in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and president of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration (including fees, salaries contribution to retirement benefit scheme and discretionary performance related bonus) paid to Directors and senior management in aggregate for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014 was RMB629,000, RMB643,000, RMB651,000 and RMB570,000, respectively, representing 0.1%, 0.1%, 0.1% and 0.2% of our revenue during those periods.

The remuneration (including salaries contribution to retirement benefit scheme and discretionary performance related bonus) paid to our Group's five highest paid individuals in aggregate for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014 was RMB1,352,000, RMB1,365,000, RMB1,377,000 and RMB695,000, respectively.

For the year ending December 31, 2014, the estimated total compensation payable to the Directors amounts to approximately RMB5,760,000.

During the Track Record Period, none of the Directors and senior management nor the five highest paid individuals waived any emoluments and no emoluments were paid by the Group to any of the Directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Save as disclosed above, no other payments have been made, or are payable, in respect of the Track Record Period, by the Group to or on behalf of any of the Directors of the Group's five highest paid individuals.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 14 in the accountants' report as set out in Appendix I to this prospectus.

Our employees in the PRC participate in various pension schemes organized by the relevant municipal and provincial governments under which we are required to make monthly contributions to these plans. The local government is responsible for the planning, management, and supervision of the scheme, including collecting and investing the contributions and paying out the pensions to the retired employees.

We participate in a provident fund scheme registered under the mandatory Provident Fund Schemes Ordinance (Chap 485 of the Laws of Hong Kong) for all our employees in Hong Kong. Contributions from us are 100% vested in each employee immediately but, subject to limited exceptions, all benefits derived from the mandatory contributions must be preserved until the employees reaches the retirement age of 65 or ceases employment and attains the age of 60. Our contributions to the provident fund scheme in Hong Kong can be used to offset any long service payments or severance payments payable and are deductible for income tax purposes.

The total amount of payments we made for such employee pension schemes for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014 was approximately RMB2,100,000, RMB2,800,000, RMB2,400,000 and RMB1,400,000, respectively.

COMPLIANCE ADVISOR

Our Company has appointed Emperor Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

(1) the compliance advisor's appointment shall be for a period commencing on the date on which our Shares are listed on the Stock Exchange and ending on the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the financial results of our Group for the first full financial year commencing from the Listing Date;

(2) the compliance advisor shall, when consulted by our Company, provide our Company with services including guidance and advice as to compliance with the requirement of the Hong Kong Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Hong Kong Stock Exchange;

(3) our Company may terminate the appointment of the compliance advisor and will exercise such right in compliance with Rule 3A.26 of the Hong Kong Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Hong Kong Stock Exchange; and

(4) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the initial public offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this Prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Company.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement with Dyfed Holdings Limited (the "Cornerstone Investor") who has agreed to subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$30.0 million (or approximately HK$232.5 million) (the "Cornerstone Placing").

Assuming an Offer Price of HK$2.75 (being at the low end of the Offer Price range set out in this prospectus), the total number of Shares subscribed by the Cornerstone Investor would be approximately 84,541,000, representing approximately (i) 25.77% of the Offer Shares or 5.28% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and (ii) 22.41% of the Offer Shares or 5.13% of the Shares in issue (assuming that the Over-allotment Option is fully exercised). Assuming an Offer Price of HK$3.25 (being at the approximate mid-point of the Offer Price range set out in this prospectus), the total number of Shares subscribed by the Cornerstone Investor would be approximately 71,534,000, representing approximately (i) 21.81% of the Offer Shares or 4.47% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and (ii) 18.96% of the Offer Shares or 4.34% of the Shares in issue (assuming that the Over-allotment Option is fully exercised). Assuming an Offer Price of HK$3.75 (being at the high end of the Offer Price range set out in this prospectus), the total number of Shares subscribed by the Cornerstone Investor would be approximately 61,996,000, representing approximately (i) 18.90% of the Offer Shares or 3.87% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and (ii) 16.44% of the Offer Shares or 3.76% of the Shares in issue (assuming that the Over-allotment Option is fully exercised).

Dyfed Holdings Limited is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Huarong (HK) International Holdings Limited, which in turn is controlled by China Huarong Asset Management Co., Ltd. ("China Huarong"). 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 RMB300 billion in assets. It provides comprehensive financial services including asset management, banking, securities, trust, investment and real estate.

To the best knowledge of our Company, the Cornerstone Investor is an Independent Third Party, not our connected person and not an existing shareholder of our Company. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement to be issued by our Company on or around August 22, 2014.

The Cornerstone Investor will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company. The Cornerstone Investor will not have any representation on the Board or be a substantial Shareholder of our Company and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investment agreement referred to below. No special rights have been granted to the Cornerstone Investor as part of the Cornerstone Placing. The Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in "Structure of the Global Offering – The Hong Kong Public Offering".

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and becoming effective and unconditional by no later than the time and date as specified (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) in these underwriting agreements;

(b) neither of the Hong Kong Underwriting Agreement or the International Underwriting Agreement having been terminated;

(c) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares and that such approval or permission having not been revoked;

(d) the respective representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investor under the cornerstone investment agreement are accurate and true in all material respects and not misleading and that there being no material breach of the cornerstone investment agreement on the part of the Cornerstone Investor; and

(e) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the cornerstone investment agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that without the prior written consent of the Company, each of the Joint Sponsors and the Joint Global Coordinators, it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date, dispose of any of the Shares to be purchased by the Cornerstone Investor under the cornerstone investment agreement. The Cornerstone Investor may transfer the Shares so subscribed under certain permitted arrangements as set out in the cornerstone investment agreement, such as transfer to any directly or indirectly wholly-owned subsidiary of the Cornerstone Investor, provided that, among other things, such wholly-owned subsidiary undertakes in writing, and the Cornerstone Investor undertakes in writing to procure, that such wholly-owned subsidiary will abide by the Cornerstone Investor's obligations under the cornerstone investment agreement.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of and for each of the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014 and the accompanying notes, all included in the Accountants' Report set out in Appendix I to this prospectus. We have prepared our financial information in accordance with IFRS.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. See "Risk Factors" and "Forward-looking Statements".

OVERVIEW

We are one of the pioneer service providers in the planning, development and operation of large-scale industrial towns (產業市鎮) in China, according to JLL. Our primary business focus, being industrial town development business, significantly differentiates us from a traditional property developer. When we commenced development of Longhe Park, our first industrial town project, in 2005, there were very few market players in the PRC offering a similar range of services, and industrial towns only became a development model to drive China's urbanization process in the recent decade, according to JLL. We currently co-operate with certain local governments in Hebei and Anhui provinces in relation to the development of four industrial town projects. We focus on development of large-scale industrial towns with a land area of 10.0 million sq.m. or above. As one of the pilot models to drive China's urbanization process, an industrial town typically hosts a cluster of enterprises with selected common industry themes, together with supporting facilities such as logistics, residential and commercial properties, creating a fully integrated working and living community for its residents (產城一體). In addition to our industrial town development business, we also develop and invest in residential, commercial and industrial properties in both our industrial town projects and other areas in Hebei province, which accounted for only a portion of our total revenue during the Track Record Period.

We report our revenue in three segments:

- *Fee income from sales of land development for sale*. Fee income from sales of land development for sale represents our fee income from the development of industrial town projects. During the Track Record Period, all of our fee income from sales of land development for sale was derived from our development of Longhe Park. In 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, the local government sold land sites to third parties of an aggregate of 1,096,440 sq.m., 508,966 sq.m., 672,504 sq.m., 225,397 sq.m. and 101,332 sq.m. in Longhe Park to third parties, which were developed by us, and from which we generated fee income of RMB693.2 million, RMB93.1 million, RMB1,025.4 million, RMB266.8 million and RMB174.1 million, respectively.

- *Revenue from sales of properties*. Revenue from sales of properties represents our revenue from sales of residential and commercial properties, ancillary areas and car park units developed by us. All of these properties are located in Hebei province. In 2011, 2012, 2013 and the three months ended March 31, 2014, we sold (i) residential and commercial properties (exclusive of ancillary areas and car park units) of an aggregate GFA of 76,222 sq.m., 42,153 sq.m., 35,480 sq.m. and 16,631 sq.m., (ii) ancillary areas of 3,765 sq.m., 308 sq.m., 4,359 sq.m. and 1,403 sq.m., and (iii) 87, 16, 4 and nil car park units, respectively, for which we generated revenue of RMB499.5 million, RMB362.1 million, RMB177.0 million and RMB134.2 million for the same periods, respectively. We did not deliver any residential or commercial properties, ancillary areas or car parks units for the three months ended March 31, 2013 and therefore did not recognize any revenue during this period.

- *Revenue from property leasing.* Revenue from property leasing represents our rental income from leasing certain commercial and industrial properties developed by us. In 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, our revenue from property leasing was RMB8.5 million, RMB12.3 million, RMB10.4 million, RMB2.3 million and RMB4.5 million, respectively.

We believe that by leveraging our distinctive business model and proven record of developing large-scale industrial town projects, we are well-positioned to grasp the growing opportunities in the urbanization trend in China to achieve further growth. Our total revenue and net profit fluctuated during the Track Record Period. Our revenue decreased from RMB1,201.2 million in 2011 to RMB467.5 million in 2012, and increased to RMB1,212.9 million in 2013. Our revenue increased from RMB269.1 million for the three months ended March 31, 2013 to RMB312.8 million for the same period in 2014. Our net profit decreased from RMB586.9 million in 2011 to RMB228.0 million in 2012, and increased to RMB763.5 million in 2013. Our net profit significantly increased from RMB15.7 million for the three months ended March 31, 2013 to RMB101.3 million for the same period in 2014.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 13, 2014. The financial information in the Accountants' Report included in Appendix I to this prospectus has been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values, in accordance with all applicable IFRS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All material intra-group transactions and balances have been eliminated on consolidation. The financial information of our Group is presented in RMB.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, the key factors including the following key factors.

The PRC Economy and Urbanization Trend and Their Impact on Industrial Town Development and Property Markets

Our business is heavily dependent on sustained economic growth and urbanization in China, which has a significant impact on industrial town developments and the overall PRC property market. In particular, most of our current industrial town projects are located in Langfang, Hebei province, which is in the Beijing-Tianjin-Hebei region, one of the regions in China experiencing major economic growth. Our development of industrial town projects is significantly affected by the pace of urbanization in China and the promotion of local urbanization by local governments. In recent years, the PRC government has adopted policies to shift urbanization from large, major cities to small- and mid-sized cities and to increase the involvement of non-state-owned enterprises and market forces in the urbanization process. In addition, the potential integration of the Beijing-Tianjin-Hebei region, its economic development and urbanization trend, and government strategic planning of this region are important to our operations. We believe that our business and operations will benefit from these favorable trends.

In addition, we are also engaged in the development of properties in Langfang and other cities in Hebei province. As such, we are susceptible to the economic conditions in the cities and regions where we operate, including the general level of disposable income, availability of land resources, supply of and demand for properties and property pricing trends. We believe that these factors will continue to significantly impact our operations. Recently, global financial markets and economic conditions, including those in China, have continued to be adversely affected by concerns over the growing credit bubble in China and heightened volatility in major stock markets. It is difficult to determine the exact impact of any prolonged global economic slowdown and financial crisis on the economy and, derivatively, the property markets in the PRC. Any economic downturn in China generally or, in particular, in the regions where we operate, could adversely affect our business, results of operations and financial condition.

The Regulatory Environment and Measures Affecting the Real Estate Industry in China

Our business has been, and will continue to be, directly and indirectly, affected by the regulatory environment in China, in particular, policies and measures taken by the PRC government on urbanization, property development and related industries. In recent years, the PRC government has implemented a series of measures to contain the pace of economic growth, particularly in light of the perceived over-heating in the real estate market. While the PRC government may still consider the real estate industry to be important, the PRC government has taken various restrictive measures to discourage speculation and increase the supply of affordable residential properties. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the private property sector through regulating, among other things, land grants, pre-sales of properties, bank financing, mortgage and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct or indirect impact on our business. The PRC government may introduce initiatives which may affect our access to capital and the means through which we finance our property developments. These and other measures have affected the overall economy in China, with differing effects on various sectors.

Since the first half of 2010, in response to rising property prices across the country, the PRC government announced new policies and adopted new measures to curtail speculation in the property market and imposed more stringent requirements on the payment of land premiums by property developers. These policies include the abolishment of certain preferential treatment in respect of business tax payable upon transfer of residential properties, increased minimum down-payment for mortgage loans, more stringent requirements on the payment of land premium and further limits on the number of residential properties one household can buy. PRC regulatory measures in the real estate industry will continue to impact our property development business and demand for land sites in our industrial town projects. See "Regulations – Industrial Town Development" for more details on the relevant PRC laws and regulations.

Furthermore, pre-sale of our residential and commercial properties provides us with a source of operating cash. PRC laws allow us to pre-sell properties before their completion upon obtaining a pre-sale permit from the relevant governmental authorities with the requirement that we use the pre-sale proceeds to develop the same property projects. However, we do not recognize revenue from pre-sale of a property until the property is completed and delivered to the purchaser. The progress of property development may affect when we can pre-sell or deliver properties to our customers and in turn affect the timing of our cash inflows and revenue. Any reduction in cash from pre-sales will impact our ability to finance our continuing property developments and will increase our reliance on external financing.

Mix of Business Portfolio

We have three business segments, namely, sales of land development for sale, sales of properties and property leasing. Their respective proportions in our overall business portfolio have an impact on our results of operations. Historically, as developing industrial town projects had a higher gross profit margin than our sale of properties in 2011 and 2013, a higher proportion of industrial town project development in our overall business portfolio resulted in higher overall gross profit margins in the same years. In 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, our overall gross profit margin was 52.1%, 27.9%, 67.5%, 68.5% and 67.0%, respectively, while during the same periods, our gross profit margin of industrial town project development was 68.6%, 20.1%, 78.7%, 68.3% and 84.9%, respectively. Our gross profit margin of sale of properties in 2011, 2012, 2013 and the three months ended March 31, 2014 was 28.5%, 27.5%, 0.8% and 42.6%, respectively. We did not deliver any properties in the first quarter of 2013. Historically, our property leasing recorded a higher gross profit margin of 96.5%, 98.7%, 98.2%, 97.4% and 98.7% in 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, respectively, as compared to our two other segments. Such business segment, however, contributed to a small proportion of our total revenue and profit during the Track Record Period.

Our gross profit margin of sales of land development for sale is affected by the respective proportions of industrial land and residential and commercial land developed by us and sold by the local governments. Historically, a higher proportion of residential and commercial land developed by us and sold by the local governments, which typically commanded a higher average selling price as compared to industrial land developed by us and sold by the local governments, has increased the overall gross profit margin of sales of land development for sale. For example, in 2011, 2013 and the three months ended March 31, 2013 and 2014, our gross profit margin of sales of land development for sale was 68.6%, 78.7%, 68.3% and 84.9%, respectively, while our gross profit margin of sales of land development for sale was 20.1% in 2012, primarily due to a lower proportion of residential and commercial land sold by the local governments in 2012.

We believe the differences among the gross profit margins of our various business segments are determined by the different nature of business. Our gross profit margin may vary from period to period depending on the relevant proportions of our business segments, which is in turn subject to a number of reasons, including our development plan, frequency and timing of sale of land by local governments, land resources available for development of properties and market conditions. We adjust our business mix from time to time according to our development plans.

Timing and Pricing of the Sale of Land Use Rights to Our Industrial Town Projects by Local Governments and the Pre-agreed Percentage to Calculate Fees Payable to us

During the Track Record Period, all of our fee income from industrial town project development consisted of fees paid by the local governments to us, calculated according to the sale proceeds of land use rights in our industrial town projects, and such fee income is recognized as revenue when the land grant contracts are entered into between the local governments and purchasers of land use rights and the amount of fee income can be measured reliably. As such, results from our development of industrial town projects are significantly affected by the timing and pricing of the sale of land use rights to the land we have developed for our industrial town projects, as well as the pre-agreed percentage to calculate fees payable to us.

Timing. We believe we have certain control over the timing of the sale of land use rights in our industrial town projects. Under the Longhe Agreement with respect to our development of Longhe Park and Longhe Resort, we are entitled to prepare a plan regarding the timetable of the sale of land use rights in these industrial town projects, and once such plan is approved by the relevant local government, the local government is responsible for execution of such plan. However, the timing of the sale of land use rights is subject to other uncertainties such as change of government policy on land supply.

Pricing. The fees we are entitled to for development of industrial town projects depend on the selling price of land developed by us in our industrial town projects. As the land use rights of land developed by us are sold to the open market through public auction, tender or listing for sale process, we believe competition among potential bidders will result in a selling price which reflects the actual market value of the land use rights concerned. The selling price of land developed by us in our industrial town projects is susceptible to the economic cycles in the local area and the PRC as a whole.

Fees payable to us. The fees we are entitled to for development of industrial town projects are calculated with reference to a pre-agreed percentage of the net proceeds of land sale of our industrial town projects. Under the Longhe Agreement for the development of Longhe Park and Longhe Resort, such percentage is 100% for industrial land and 80% for residential and commercial land, subject to other terms and conditions. Any downward adjustment of such percentage will result in an adverse impact on our revenue and profit. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, none of our existing co-operation agreements with the local governments in China was terminated nor were there any downward adjustments to the percentage of fees payable to us under such co-operation agreements. However, we cannot assure you such percentage will not be adjusted in the future.

For risks associated with the timing and pricing of the sale of land use rights to our industrial town projects by local governments and the pre-agreed percentage to calculate fees payable to us, see "Risk Factors – Risks Relating to Our Business and Industries – We do not decide on the exact timing of the sale of land use rights in the industrial town projects we develop; the selling price of such land use rights is subject to market factors through the public auction, tender or listing for sale process; and the percentage of fees payable to us may fluctuate due to changes in the relevant law, regulation or government policy".

Furthermore, our development of industrial town projects is capital intensive and a significant amount of development cost is incurred at the early development stage. Prior to the sale of land use rights by the local land authority through public auction, tender or listing for sale process, we do not recognize fee income from our development of industrial town projects as revenue but incur costs. Cost of our development of industrial town projects primarily includes costs relating to demolition of existing structures, relocation of incumbent residents and businesses and costs of constructing infrastructure such as roads and utilities. As a result, we generally record more "land development for sale" in the earlier stage as compared to the later development stage of an industrial town project before the land we develop is sold by the local governments.

Ability to develop additional industrial town projects, and acquire land use rights at reasonable cost, in strategically selected locations

Our continued business growth is dependent on our ability to replicate our business model to develop additional industrial town projects, and acquire land use rights at reasonable cost for development of properties, in strategically selected locations.

Industrial town projects. We are currently closely studying the urban areas within the "Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市化戰略佈局) proposed by the PRC central government, and intend to seize opportunities to expand into these areas with a focus on the Beijing-Tianjin-Hebei region. Our execution of this development plan depends on, among other things, whether we are able to enter into co-operation agreements with the local governments to obtain authorization to develop the industrial town projects on terms and conditions that can yield favorable returns. In particular, the fee arrangements under any further co-operation agreements to be entered into by us may affect our future revenue and profit.

Development of properties. Based on our current development plans, we believe our current land reserves are sufficient for our future development in the next three to four years. We may from time to time acquire land use rights for development of properties, in particular in or near our industrial town projects, after considering the prevailing marketing conditions. Land acquisition costs are one of the major components of our cost of sales for property development. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow, and our growth in the property development business depends largely on our ability to secure and acquire quality land parcels at reasonable prices in strategically selected locations.

Access to Adequate Financing and Capital Resources

We fund our business operations both through internally generated funds and external financing, including, primarily, bank borrowings and financing from trust fund companies and other third parties. As of December 31, 2011, 2012 and 2013 and March 31, 2014, our outstanding bank and other borrowings amounted to RMB2,684.8 million, RMB2,988.6 million, RMB3,393.1 million and RMB3,152.6 million, respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the interest costs related to our developments. In addition, during the Track Record Period, we obtained trust fund financings which usually have a greater flexibility in terms of fund availability and repayment requirements but charge higher interest rates than those charged by commercial banks. As of June 30, 2014, our total outstanding balance of loans from trust fund companies amounted to RMB1,201.7 million. During the Track Record Period, we also obtained a 10-year term loan of RMB450.0 million from China Development Bank, which had a relatively low interest rate and was granted to fund our development of industrial town project. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on lending for property development.

Exposure to Certain Costs

Our results of operations are affected by our ability to control costs, which consists primarily of cost for development of industrial town projects and cost for property sale.

Cost for development of industrial town projects. Our major cost for development of industrial town projects is the cost of demolition and relocation paid by us to the local governments. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, our cost of demolition and relocation was RMB141.1 million, RMB51.4 million, RMB161.1 million, RMB64.8 million and RMB18.1 million, respectively, representing 64.8%, 69.2%, 73.6%, 76.6% and 69.1% of our total cost of land development for sale, respectively. Cost of demolition and relocation is calculated in accordance with formulas published by the relevant local authorities, which generally take into account the location, GFA and types of building to be demolished, local income levels and many other factors. Any increase in the compensation standards in the regions where we pay for the cost of demolition and relocation may increase our cost for development of industrial town projects.

Cost for property sale. Our cost for property sale consists primarily of cost of land use rights and construction cost. Cost of land use rights includes costs relating to the acquisition of the rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with land grants from the local PRC governments. Our cost of land use rights is affected by a number of factors, including PRC policies and regulations, location, timing of acquisition and the plot ratios of the proposed property developments. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, our cost of land use rights was RMB88.8 million, RMB33.3 million, RMB32.7 million and RMB17.1 million, respectively, which represented 24.8%, 12.7%, 18.6% and 22.2%, respectively, of our total cost of sales for property sale, respectively. Construction cost consists of costs for design and construction of properties, primarily including payments to third-party contractors and architects and the cost of construction materials and equipment. Our construction costs are indirectly affected by price volatility of construction materials such as steel and cement. For the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, our construction cost for property sale was RMB186.5 million, RMB192.5 million, RMB99.8 million and RMB41.4 million, respectively, which represented 52.2%, 73.3%, 56.8% and 53.7%, respectively, of our total cost of sales for property sale, respectively. Our cost for property sale was nil for the three months ended March 31, 2013 as we did not deliver any property during the same period.

Fair Value of Investment Properties

Our investment properties primarily include certain industrial properties and commercial properties that we hold for rental purposes. Our investment properties are stated at their fair value on our consolidated statements of financial position as non-current assets as of each balance sheet date on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses upon revaluation in our consolidated income statements, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties, as so determined at a particular date, may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by another qualified independent professional valuer using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the end of the relevant reporting periods and do not generate any cash inflow available for our operations or potential dividend distribution to our shareholders. The amounts of fair value adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions in China and may increase or decrease. We cannot assure you that similar levels of fair value gains can be sustained in the future. See "– Critical Accounting Policies and Estimates – Investment Properties" and "– Period to Period Comparison of Results of Operations – Changes in fair value of investment properties" in this section.

Taxation

The EIT Law imposes a unified income tax rate of 25% on all domestic and foreign invested enterprises unless they are qualified for preferential tax treatment. In 2011, 2012 and 2013, three of our subsidiaries, namely Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun, obtained approval from the local tax bureau to adopt the authorized tax valuation method to determine their respective EIT liability. The authorized tax valuation method was adopted by such subsidiaries, despite the fact we have kept proper books and accounts since inception of the relevant subsidiaries, on the basis that, according to confirmation letters issued by the local tax bureau in Anci District of Langfang on March 5, 2014 and an interview conducted with the same governmental authority in February 2014, (i) with respect to Langfang Sheng Shi Construction, it made an upfront investment for land preparation and infrastructure construction in 2011, 2012 and 2013 and the timing of the recognition of revenue and actual expenses did not fall within the same tax reporting period, resulting in a mismatch of revenue and actual expenses from the tax collection perspective; (ii) with respect to Langfang Hongsheng, its development of Phases I and II of SME Entrepreneurial Base commenced in 2010 while it agreed to settle construction payments with the relevant contractors in the fourth quarter of 2013, resulting in a mismatch of revenue and actual expenses from the tax collection perspective; and (iii) with respect to Langfang Yonglun, it did not generate any revenue in 2011, 2012 and 2013 and the authorized tax valuation method was adopted to streamline the tax collection process and lower the tax collection cost of the local tax authorities.

Hebei Provincial Bureau of Local Taxation (河北省地方稅務局), being the supervising authority of the local tax bureaus in Hebei Province, confirmed in an interview conducted in May 2014 that the local tax bureau at district level has the authority to decide on whether to adopt the authorized tax valuation method and that the decision of the local tax bureau at district level to adopt the authorized tax valuation method where there was a mismatch of revenue and actual expenses resulting to failure to correctly assess cost related information in a short period of time or where the relevant enterprise had not generated any revenue does not violate applicable PRC law.

Applying the authorized tax valuation method, Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun were still subject to a 25% income tax rate, but the taxable profit of Langfang Sheng Shi Construction was deemed to be 10% of revenue (after adjusting the non-deductible subsidies paid to enterprise customers establishing their businesses in Longhe Park) regardless of actual results, and the taxable profit of each of Langfang Hongsheng and Langfang Yonglun was deemed to be 15% of revenue regardless of actual results, of their respective revenue for a taxable period. The authorized tax valuation method was applied to these subsidiaries in 2011, 2012 and 2013. Primarily as a result of the authorized tax valuation method adopted by these subsidiaries, our effective tax rate was 12.9%, 14.2% and 4.5% in 2011, 2012 and 2013, respectively. Assuming no authorized tax valuation method was adopted by any of our subsidiaries, we would have incurred additional income tax expenses of RMB136.9 million, RMB15.4 million and RMB178.0 million in 2011, 2012 and 2013, respectively. Effective from January 1, 2014, each of these subsidiaries has been approved to adopt the actual taxation method, under which taxable profit of each subsidiary is its actual taxable profit in a given taxable period. For the three months ended March 31, 2014, our income tax expenses were RMB53.4 million and effective tax rate was 34.5%. As such, our historical income tax amount in 2011, 2012 and 2013 may not be indicative of the income tax amount payable by us in the future, and our effective tax rate in the future may change accordingly as well.

Our PRC legal advisor, Jingtian & Gongcheng, is of the view that the authorized tax valuation method is one of the allowable taxation methods in China and the local tax bureau of Anci District of Langfang, Hebei province is the competent tax authority to approve such authorized tax valuation method. Our Directors confirm that during the Track Record Period, we had paid all of our relevant taxes in accordance with applicable regulations and decisions of the relevant tax authorities, and there were no disputes or unresolved tax issues with the relevant tax authorities. Further, our Directors confirm that as of the Latest Practicable Date, we had fully settled all tax liabilities of Lanfang Sheng Shi Construction for the period prior to 2011 and the years ended December 31, 2011, 2012 and 2013.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We have identified the policies below as critical to our business operations and the understanding of our financial condition and results of operations. We review our estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue Recognition

Our revenue consists of (i) fee income in relation to development of industrial town projects and (ii) revenue from sale and lease of properties. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes. More specifically:

- *Fee income from sales of land development for sale*. Fee income from sales of land development for sale represents our fee income from development of industrial town projects, which is recognized as revenue upon the transfer of risk and rewards in connection with the land development and when the amount of fee income can be measured reliably. We consider it to be the time of the sale of relevant land by the government bodies/authorities through public auction, tender and listing when the land grant contracts are entered into between the local governments and purchasers of land use rights and the amount of fee income can be measured reliably.

- *Revenue from sales of properties*. We recognize revenue from sale of properties when the respective properties have been completed and delivered to purchasers. Deposits and prepayments received from purchasers prior to satisfaction of such criteria for revenue recognition are included in our consolidated statements of financial position as advances from customers under current liabilities.

- *Revenue from lease of properties.* We recognize revenue from lease of properties on a straight-line basis over the lease term. Such lease term is a non-cancellable period for which the lessee has contracted to lease the properties.

During the Track Record Period, certain subsidiaries of our Group acquired certain land use rights over land in Longhe Park developed by our Group. As such, the fee income and profits from land development, representing intra-group amounts of fee income and profits, are eliminated under IFRS. As these transactions are considered as internal transactions within our Group, the fee income and unrealized gain on land development activities are eliminated and deferred until the underlying land use rights are further sold to an external party. Revenue from the sale of property projects in connection with the relevant land use rights is recognized when the properties are sold to external parties.

Land Development for Sale

Our cost of land development refers to our cost for development of industrial town projects. Such cost of land development consists of the aggregate cost of development, materials and supplies, capitalized staff costs, capitalized borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

We state land development for sale on our balance sheets at the lower of cost and net realizable value. In determining net realizable value, we take into account our estimated proceeds derived from sale of land development for sale by government authorities, less costs to completion and costs to be incurred in realizing the fee income derived from the sale of land development for sale based on prevailing market conditions. If cost is higher than estimated net realizable value, the excess of the carrying amount of the cost of land development for sale over its net realizable value should be provided immediately. We will adjust the carrying amount of cost of land development for sale and provision for land development for sale if our estimates are changed.

Completed Properties for Sale and Properties under Development for Sale

We state completed properties for sale and properties under development for sale at the lower of cost and net realizable value. Cost includes the related land cost, development expenditure incurred, and, where applicable, borrowing cost capitalized. We determine net realizable value based on prevailing market conditions, and transfer properties under development for sale to completed properties for sale upon completion.

Investment Properties

Investment properties refer to properties that we hold for rental income, capital appreciation or both, which include completed investment properties as well as properties under construction for such purposes.

We state investment properties at fair value based on valuation performed by independent professional valuers which has certain estimates of market condition. In the event that the fair value of investment properties are changed, we may recognize gain or loss in profit or loss arising from a change in fair value of our investment properties.

Deferred Tax

We recognize deferred tax on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases in the calculation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which our Group expects, at the end of each of the reporting periods, to recover or settle the carrying amounts of our assets and liabilities.

In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to our operating environment and requires a significant level of judgment to be exercised by our management. Any change in such assumptions and judgments would affect the carrying amounts of deferred tax assets to be recognized and hence our net profit in future years.

Our deferred tax liabilities are primarily related to deferred taxes on changes in fair value of our investment properties. As all of our investment properties are held with the aim of consuming substantially all of the economic benefits of such investment properties over time, rather than through sale, we recognize deferred taxes on changes in fair value of our investment properties based on our management's best estimate assuming future tax consequences through use of such properties for rental purposes, rather than through sale. If we dispose any of our investment properties, the final tax outcome could be different from the deferred tax liabilities recognized historically and we may be subject to a higher tax upon such disposal, taking into account enterprise income tax and land appreciation tax.

Provision for PRC LAT

We have estimated, made and included in tax provision an estimate of LAT liabilities according to applicable PRC laws and regulations. The actual LAT liabilities are subject to determination by the tax authorities upon completion of our property development projects and the tax authorities might disagree with the basis on which the provision for LAT was initially recorded, and such differences will impact our income tax expense and the related income tax provisions in the periods in which such tax is finalized with local tax authorities.

Fair Value of Warrants

We issued certain warrants to CDH and OCBC in 2011 in connection with our financial arrangements with CDH and OCBC. For details, see "History, Development and Reorganization – Historical Investments by CDH and OCBC". Such warrants are classified as derivative financial instruments and are stated at fair value at each balance sheet date. We use valuation techniques to measure fair value of such warrants in which any significant input is not based on observable market data. Any change in assumptions of valuation would affect the value of derivative financial instruments significantly, and our profit or loss in subsequent years.

DESCRIPTION OF PRINCIPAL CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

Revenue

Our revenue consists of (i) fee income from sales of land development for sale, representing our fee income derived from development of industrial town projects, (ii) revenue from sales of properties and (iii) revenue from property leasing. The table below sets forth, for the periods indicated, a breakdown of our revenue.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000 (unaudited)	% of total	RMB'000	% of total
Fee income from sales of land development for sale	693,208	57.7%	93,085	19.9%	1,025,443	84.5%	266,842	99.2%	174,079	55.6%
Revenue from sales of properties	499,500	41.6%	362,056	77.5%	177,022	14.6%	–	–	134,175	42.9%
Revenue from property leasing	8,481	0.7%	12,311	2.6%	10,439	0.9%	2,266	0.8%	4,537	1.5%
Total	**1,201,189**	**100.0%**	**467,452**	**100.0%**	**1,212,904**	**100.0%**	**269,108**	**100.0%**	**312,791**	**100.0%**

Fee income from sales of land development for sale. Fee income from sales of land development for sale represents our fee income from development of industrial town projects. During the Track Record Period, all of our fee income from sales of land development for sale was derived from Longhe Park. In 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, our fee income from sales of land development for sale was RMB693.2 million, RMB93.1 million, RMB1,025.4 million, RMB266.8 million and RMB174.1 million, respectively, in connection with sales by the local government of land use rights to third parties of 1,096,440 sq.m., 508,966 sq.m., 672,504 sq.m., 225,397 sq.m. and 101,332 sq.m. developed by us during the same periods, respectively.

Revenue from sales of properties. In 2011, 2012, 2013 and the three months ended March 31, 2014, our revenue from sales of properties was RMB499.5 million, RMB362.1 million, RMB177.0 million and RMB134.2 million, respectively, which was generated by our sales of (i) residential and commercial properties of an aggregate GFA of 76,222 sq.m., 42,153 sq.m., 35,480 sq.m. and 16,631 sq.m., (ii) ancillary areas of 3,765 sq.m., 308 sq.m., 4,359 sq.m. and 1,403 sq.m., and (iii) 87, 16, 4 and nil car park units for the same periods, respectively. In 2011, 2012, 2013 and the three months ended March 31, 2014, the average selling price of the residential and commercial properties was RMB6,774 per sq.m., RMB8,761 per sq.m., RMB5,147 per sq.m. and RMB8,456 per sq.m., respectively. We did not deliver any residential or commercial properties, ancillary areas or car parks units for the three months ended March 31, 2013 and therefore did not recognize any revenue during the same period.

Revenue from property leasing. In 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, our revenue from property leasing was RMB8.5 million, RMB12.3 million, RMB10.4 million, RMB2.3 million and RMB4.5 million, respectively.

Cost of sales and services

Our cost of sales and services consists of (i) cost of land development for sale, (ii) cost of properties sold and (iii) cost of property leasing. We recognize the cost of sales for a given period to the extent that revenue from the relevant business segment has been recognized in the same period.

The table below sets forth, for the periods indicated, the components of our cost of sales and services and the components as a percentage of total cost of sales and services.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Cost of land development for sale	217,673	37.8%	74,338	22.0%	218,904	55.4%	84,665	99.9%	26,228	25.4%
Cost of properties sold	357,341	62.1%	262,484	77.9%	175,624	44.5%	–	–	77,063	74.5%
Direct operating expense for property leasing	295	0.1%	161	0.1%	184	0.1%	59	0.1%	60	0.1%
Total	**575,309**	**100.0%**	**336,983**	**100.0%**	**394,712**	**100.0%**	**84,724**	**100.0%**	**103,351**	**100.0%**

Cost of land development for sale. Cost of land development for sale primarily represents the costs we incur directly in connection with our development of Longhe Park, which included (i) demolition and relocation costs paid to the local governments, (ii) costs of infrastructure construction, (iii) capitalized interest referring to borrowing costs that are directly attributable to the development of Longhe Park, (iv) operating fees paid to the management committee of Longhe Park, and (v) salary and welfare expenses for staff involved in our development of Longhe Park.

The table below sets forth, for the periods indicated, the components of our cost of land development for sale and the components as a percentage of total cost of land development for sale.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Demolition and relocation cost	141,121	64.8%	51,446	69.2%	161,132	73.6%	64,811	76.6%	18,120	69.1%
Infrastructure construction costs	49,748	22.9%	14,698	19.8%	35,809	16.4%	11,760	13.9%	5,528	21.1%
Capitalized interest	11,657	5.4%	3,550	4.8%	14,179	6.5%	4,738	5.6%	1,509	5.8%
Management committee operating fees	12,363	5.7%	3,823	5.1%	4,909	2.2%	2,712	3.2%	845	3.2%
Staff-related expenses	928	0.4%	176	0.2%	697	0.3%	181	0.2%	75	0.2%
Others	1,856	0.8%	645	0.9%	2,178	1.0%	463	0.5%	151	0.6%
Total	217,673	100.0%	74,338	100.0%	218,904	100.0%	84,665	100.0%	26,228	100.0%

Operating fees paid to the management committee of Longhe Park primarily included salaries for members of the management committee, administrative expenses as well as costs for its maintenance and operation of Longhe Park. Our management committee operating fee was higher in 2011 than that of 2012 and 2013 as we paid landscaping fees for the landscaping of Longhe Park on a one-off basis upon the request of the management committee of Longhe Park in 2011. Our management committee operating fee decreased from RMB2.7 million for the three months ended March 31, 2013 to RMB0.9 million for the same period in 2014, primarily in line with decreased cost of land development of sales incurred in the first quarter of 2014. We have certain control over the amount of operating fees paid to the management committee of Longhe Park as such management committee usually prepares an annual budget plan for our review prior to the commencement of a fiscal year. In addition, it is required to obtain our consent before incurring any significant operating costs which fall outside its ordinary course of business. We are not required to bear the excess costs if the amount incurred by the management committee of Longhe Park exceeds our pre-agreed budget.

Cost of properties sold. Cost of properties sold primarily represents the costs we incur directly in connection with our property development activities, which include construction costs, cost of land use rights, capitalized interest referring to borrowing costs that are directly attributable to the acquisition or construction of the property development project, and others such as fees incurred during the preparation stage of property development and government fees.

The table below sets forth, for the periods indicated, the components of our cost of properties sold and the components as a percentage of total cost of properties sold.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Construction cost	186,545	52.2%	192,481	73.3%	99,827	56.8%	–	–	41,387	53.7%
Land acquisition cost	88,760	24.8%	33,258	12.7%	32,683	18.6%	–	–	17,112	22.2%
Capitalized interest	36,026	10.1%	14,717	5.6%	30,359	17.3%	–	–	12,528	16.3%
Others	46,010	12.9%	22,028	8.4%	12,755	7.3%	–	–	6,036	7.8%
Total	357,341	100.0%	262,484	100.0%	175,624	100.0%	–	–	77,063	100.0%

Direct operating expense for property leasing. Direct operating expense for property leasing primarily represents costs associated with management of our investment properties, including security, cleaning and maintenance costs.

Gross profit

Gross profit represents the excess of revenue over cost of sales. In 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, we made a gross profit of RMB625.9 million, RMB130.5 million, RMB818.2 million, RMB184.4 million and RMB209.4 million, respectively, at a gross profit margin of 52.1%, 27.9%, 67.5%, 68.5% and 67.0%, respectively.

The table below sets forth, for the periods indicated, the gross profit from our business segments and the percentage of our total gross profit by business segment.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Sales of land development for sale	475,535	76.0%	18,747	14.4%	806,539	98.6%	182,177	98.8%	147,851	70.6%
Sales of properties	142,159	22.7%	99,572	76.3%	1,398	0.2%	–	–	57,112	27.3%
Property leasing	8,186	1.3%	12,150	9.3%	10,255	1.2%	2,207	1.2%	4,477	2.1%
Total	**625,880**	**100.0%**	**130,469**	**100.0%**	**818,192**	**100.0%**	**184,384**	**100.0%**	**209,440**	**100.0%**

The table below sets forth, for the periods indicated, the gross profit margin of each of our business segments, as well as the gross margin of our overall business.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
Sales of land development for sale	68.6%	20.1%	78.7%	68.3%	84.9%
Sales of properties	28.5%	27.5%	0.8%	–	42.6%
Property leasing	96.5%	98.7%	98.2%	97.4%	98.7%
Overall	**52.1%**	**27.9%**	**67.5%**	**68.5%**	**67.0%**

Other income

Other income consists of (i) interest income on bank deposits, (ii) imputed interest income on trade and other receivables, (iii) imputed interest income on interest-free advances to related parties and (iv) government grant. All of the interest-free advances to related parties were fully settled.

The table below sets forth, for the periods indicated, a breakdown of our other income.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000 (unaudited)	% of total	RMB'000	% of total
Imputed interest income on interest-free advances to related parties[1]	31,591	75.2%	39,821	59.7%	81,091	81.4%	18,828	63.7%	–	–
Interest income on bank deposits	1,337	3.2%	992	1.5%	13,134	13.2%	7,241	24.5%	7,493	93.7%
Interest income on trade and other receivables	433	1.0%	13,947	20.9%	5,420	5.4%	3,496	11.8%	507	6.3%
Government grant	8,653	20.6%	11,969	17.9%	–	–	–	–	–	–
Total	**42,014**	**100.0%**	**66,729**	**100.0%**	**99,645**	**100.0%**	**29,565**	**100.0%**	**8,000**	**100.0%**

Note:

(1) Non-current receivables due from related parties as of December 31, 2011, 2012 and 2013 and March 31, 2013 were charged at an imputed interest rate of 20% per annum on the outstanding amount for the years ended 31 December 2011, 2012 and 2013 and the three months ended March 31, 2013, respectively. As non-current receivables due from related parties were fully settled in December 2013, we did not recognize any imputed interest income on interest-free advances to related parties for the three months ended March 31, 2014.

Other expenses

Other expenses mainly consist of penalty charges mainly arising from early commencement of construction activities without obtaining the appropriate approval documents from the relevant government authorities, donations to certain charity organizations in China and expenses in connection with our Listing on the Hong Kong Stock Exchange.

The table below sets forth, for the periods indicated, a breakdown of our other expenses.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000 (unaudited)	% of total	RMB'000	% of total
Penalty charges	130	43.4%	656	24.2%	5,381	52.8%	–	–	41	0.2%
Donations	100	33.3%	1,112	41.1%	82	0.8%	–	–	–	–
Listing expenses	–	–	–	–	4,734	46.4%	–	–	16,808	99.8%
Others	70	23.3%	938	34.7%	–	–	–	–	–	–
Total	300	100.0%	2,706	100.0%	10,197	100.0%	–	–	16,849	100.0%

Other gains and losses

Other gains and losses consists primarily of (i) exchange gains relating to our borrowings in foreign currencies, (ii) disposal gains of certain subsidiaries, (iii) gain on acquisition of the remaining equity interest in a joint venture, (iv) gains on disposal of property, plant and equipment, (v) impairment on a trade receivable, (vi) fair value adjustment loss on interest-free cash advance to related parties, (vii) compensation expenses, representing amounts paid to customers for late delivery of properties, and (viii) other miscellaneous gains or losses. Our late delivery of properties during the Track Record Period was primarily related to a delay in the completion and delivery of certain units in Mingren Garden (名人小區) and Hongtai Meishuguan Phase I (宏泰美樹館一期). For details, see "Business – Our Residential, Commercial and Industrial Projects – Property Development Process – Delivery of residential and commercial properties".

The table below sets forth, for the periods indicated, a breakdown of our other gains and losses.

	Year ended December 31,			Three months ended March 31,	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Exchange gains, net	32,777	5,831	10,286	1,290	4,346
Gains on disposal/deemed disposal of subsidiaries	–	15,325	3,241	–	–
Gain on acquisition of the remaining equity interest in the joint venture	–	–	–	–	1,515
Gains on disposal of property, plant and equipment, net	80	289	134	39	32
Impairment on a trade receivable	–	–	(1,409)	–	–
Fair value adjustment loss on interest-free advances to related parties	(11,917)	(5,965)	(3,552)	(270)	–
Compensation expenses	(3,047)	–	(358)	–	–
Others	(929)	286	2,489	340	(203)
Total	**16,964**	**15,766**	**10,831**	**1,399**	**5,690**

Selling and marketing expenses

Selling and marketing expenses mainly represent salary and welfare expenses for staff involved in selling and marketing activities, marketing and promotion expenses, and other operating expenses, including office expenses, travel and transportation expenses, rental expenses and other miscellaneous expenses.

The table below sets forth, for the periods indicated, a breakdown of our selling and marketing expenses.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Marketing and promotion expense	13,242	57.5%	6,584	33.7%	11,732	36.4%	1,975	40.4%	1,645	27.6%
Staff-related expenses	3,746	16.3%	7,467	38.3%	10,969	34.0%	1,445	29.6%	2,875	48.3%
Rental expenses	2,013	8.7%	2,104	10.8%	4,079	12.6%	907	18.6%	750	12.6%
Office expenses	526	2.3%	598	3.1%	1,487	4.6%	204	4.2%	138	2.3%
Travel and transportation expenses	409	1.8%	458	2.3%	1,004	3.1%	98	2.0%	67	1.1%
Others	3,094	13.4%	2,306	11.8%	3,006	9.3%	255	5.2%	480	8.1%
Total selling and marketing expenses	**23,030**	**100.0%**	**19,517**	**100.0%**	**32,277**	**100.0%**	**4,884**	**100.0%**	**5,955**	**100.0%**

Administrative expenses

Administrative expenses consist primarily of salary and welfare expenses for management and administrative staff, travel and transportation expenses, professional expenses, meeting and entertainment expenses, office expenses, depreciation and amortization costs, certain taxes and other miscellaneous expenses.

The table below sets forth, for the periods indicated, a breakdown of our administrative expenses.

	Year ended December 31,						Three months ended March 31,			
	2011		2012		2013		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Staff-related expenses	14,272	29.6%	18,936	33.7%	26,594	42.7%	4,289	31.1%	7,036	45.7%
Travel and transportation expenses	3,428	7.1%	4,865	8.7%	6,617	10.6%	767	5.6%	979	6.4%
Professional expenses	5,961	12.4%	4,952	8.8%	4,884	7.8%	1,027	7.5%	22	0.1%
Meeting and entertainment expenses	2,330	4.8%	4,614	8.2%	4,691	7.5%	1,179	8.6%	665	4.3%
Office expenses	4,909	10.2%	4,633	8.3%	3,527	5.7%	1,334	9.7%	1,650	10.7%
Depreciation and amortization	3,662	7.6%	3,883	6.9%	2,933	4.7%	991	7.2%	740	4.8%
Taxes	3,445	7.1%	4,461	7.9%	4,727	7.6%	763	5.5%	947	6.2%
Others	10,255	21.2%	9,813	17.5%	8,352	13.4%	3,425	24.8%	3,364	21.8%
Total administrative expenses	**48,262**	**100.0%**	**56,157**	**100.0%**	**62,325**	**100.0%**	**13,775**	**100.0%**	**15,403**	**100.0%**

Finance costs

Finance costs consist primarily of interest on bank loans and other borrowing costs, less amounts capitalized. We capitalize a portion of our interest expenses on qualified assets on which the underlying borrowings are used. Under IFRS, we are permitted to capitalize interest expenses related to debt incurred for construction costs, which are directly attributable to the acquisition, construction or production of qualifying assets, and such capitalization is required to cease when the assets are substantially ready for their intended use or sale. Since the funding from the borrowings was not entirely used in the qualified assets, not all of the interest costs can be capitalized. As a result, our finance costs fluctuate from period to period depending on the total interest costs incurred and the level of interest costs that are capitalized within the reporting periods.

The table below sets forth, for the periods indicated, a breakdown of our finance costs.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interests on bank loans wholly repayable					
– within five years	34,880	109,790	118,041	35,697	47,586
– after five years	16,916	14,248	11,135	3,439	2,456
Interests on other loans wholly repayable					
– within five years	133,859	108,584	133,883	21,423	30,045
– after five years	1,224	596	–	–	–
Total borrowing costs	186,879	233,218	263,059	60,559	80,087
Less: Amount capitalized in land development for sale	(17,842)	(26,377)	(40,653)	(7,130)	(12,697)
Amount capitalized in properties under development for sale	(81,400)	(117,674)	(153,001)	(33,559)	(32,888)
Amount capitalized in investment properties under development	(4,793)	(5,022)	–	–	–
Total	**82,844**	**84,145**	**69,405**	**19,870**	**34,502**

Debt restructuring gain

We recorded debt restructuring gain of RMB112.2 million in 2011 relating to our restructuring of loans from CDH and OCBC in 2011. We recorded nil debt restructuring gain in 2012 and 2013. For details of our restructuring of loans from CDH and OCBC, see "History, Development and Reorganization – Historical Investments by CDH and OCBC".

Gains and losses in relation to warrants

We recorded fair value loss of warrants of RMB55.8 million in 2011 and fair value gain of warrants of RMB208.1 million and RMB17.2 million in 2012 and 2013, respectively, in connection with warrants issued to CDH and OCBC by us. We issued certain warrants to CDH and OCBC in 2011, upon the exercise of which CDH and OCBC were entitled to subscribe for a number of shares of Shing Cheong. Such warrants are classified as derivative financial instruments and are stated at fair value at each reporting date. The fair value of the warrants was initially and subsequently determined based on valuations carried out by an independent valuer. All the outstanding amount due to CDH and OCBC was fully repaid on June 14, 2013. For details of investments by CDH and OCBC and the related debt restructuring, see "History, Development and Reorganization – Historical Investments by CDH and OCBC" and Note 31(b)(iv) to the Accountants' Report in Appendix I to this prospectus. For further explanation of the measurement of the fair value of warrants, see Notes 7, 31 and 32 to the Accountants' Report in Appendix I to this prospectus.

Gain(loss) on fair value change of investment properties

We hold a portion of properties developed by us for rental purposes and such properties are classified and accounted for as investment properties. The fair values of our investment properties are arrived at on the basis of a valuation carried out at the end of relevant periods by an independent property valuer. Any appreciation or depreciation in our investment property value is recognized as fair value gains or losses in our consolidated statements of profit or loss. We recorded fair value gains of investment properties of RMB87.0 million, RMB9.2 million, RMB31.9 million, RMB12.4 million and RMB5.0 million in 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, respectively.

The following table sets forth the respective fair valuation gain/loss of each investment property we held for the periods indicated.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chengxiang Building (城鄉大廈)	3,200	1,300	2,300	1,000	200
Jinyue Building (金悦酒樓)	(200)	(100)	700	100	100
Longhe Tianfu Center (龍河天賦中心)	4,043	8,144	1,200	500	300
Phase I of SME Entrepreneurial Base (中小企業創業基地一期)	67,105	(4,100)	3,800	1,700	400
Phase II of SME Entrepreneurial Base (中小企業創業基地二期)	17,609	7,020	18,800	9,100	4,000
Phase III of SME Entrepreneurial Base (中小企業創業基地三期)	(4,800)	(3,100)	5,100	–	–
Total	**86,957**	**9,164**	**31,900**	**12,400**	**5,000**

Property value of each of our investment properties is affected by, among other factors, the rate of economic growth, interest rate and political and economic developments in the PRC. In addition, property value of each of our investment properties under development is also affected by construction costs and our development progress.

The fair value of completed investment properties as of December 31, 2011, 2012 and 2013 and March 31, 2013 and 2014 is determined based on the income capitalization method whereby the rental income of contractual tenancies are capitalized for the unexpired term of tenancies. The reversionary market rent after the expiry of tenancies in capitalization is also taken into account. The fair value of investment properties under construction relating to a piece of land yet to be developed as of December 31, 2011, 2012 and 2013 and March 31, 2013 and 2014 is determined based on direct comparison method with reference to market comparables. The fair value of investment properties under construction for other projects as of December 31, 2011 is determined based on residual method with reference to market comparable as available on the market and deducted the unexpended estimated construction cost to completion and due allowance for developer's profit with the assumption that the property would have been completed in accordance with similar class of industrial development in the region. All these properties were completed as of December 31, 2012 and 2013 and March 31, 2013 and 2014. In measuring the fair value of the properties, the highest and best use of the properties is their current use. For details of these valuation methodologies, see "Appendix III – Property Valuation Report" to this prospectus.

Share of losses of associates

Share of losses of associates consists primarily of our proportional share of loss of associated companies in accordance with our respective shareholding percentages in such associated companies. Our associated companies during the Track Record Period consisted of Langfang Huayuan Shengshi Heating Co., Ltd. (廊坊市華源盛世熱力有限公司), Langfang Kaichuang Jiahua Investment Co., Ltd. (廊坊市凱創嘉華投資有限公司), Langfang Shengshi Credit & Warrant Co., Ltd. (廊坊市盛世信用擔保有限公司) and Langfang Kaihong Furniture Mart Company Limited* (廊坊市凱宏家居廣場有限公司). The table below sets forth, as of March 31, 2014, our shareholding percentages in associated companies and their principal business activities.

Our associates	Our equity interest	Principal business activities
Langfang Huayuan Shengshi Heating Co., Ltd. (廊坊市華源盛世熱力有限公司)	35%	Heat energy generation
Langfang Kaichuang Jiahua Investment Co., Ltd. (廊坊市凱創嘉華投資有限公司)	49%	Development of Guangyang Park
Langfang Shengshi Credit & Warrant Co., Ltd. (廊坊市盛世信用擔保有限公司)	41.67%	Inactive
Langfang Kaihong Furniture Mart Company Limited* (廊坊市凱宏家居廣場有限公司)	30%	Property leasing of Red Star Macalline International Home Plaza* (紅星美凱龍全球家居生活廣場)

Share of losses of a joint venture

Share of losses of a joint venture represents losses from Langfang Goodman Vast Park Service, which was established in 2012. We held a 50% equity interest in this joint venture in 2012 and 2013. We purchased the remaining 50% equity interest in Langfang Goodman Vast Park Service in the first quarter of 2014, as a result of which Langfang Goodman Vast Park Service became a wholly-owned subsidiary of our Group.

Income tax expense

Income tax expenses consist primarily of current tax and movements in deferred tax assets and liabilities. Current tax includes PRC enterprise income tax and LAT payable by our PRC subsidiaries. During the Track Record Period, we did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profits tax during the same period. During the Track Record Period, we were not subject to any Cayman Islands income tax either.

The table below sets forth, for the periods indicated, the components of income tax expenses.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
PRC enterprise income tax	37,376	12,632	37,236	15,900	39,982
Land appreciation tax	19,057	19,702	10,486	–	18,420
Subtotal	56,433	32,334	47,722	15,900	58,402
Deferred tax	30,379	5,414	(11,722)	(6,138)	(4,974)
Total income tax expense	**86,812**	**37,748**	**36,000**	**9,762**	**53,428**

PRC enterprise income tax. Pursuant to the PRC EIT Law, our PRC income tax rate for our PRC subsidiaries was 25% during the Track Record Period. Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun received approval from the local tax bureau to adopt the authorized tax valuation method for determination of their respective EIT liabilities in 2011, 2012 and 2013. Each of these subsidiaries has received approval to adopt the actual taxation method effective from January 1, 2014, under which taxable profit of each subsidiary is its actual taxable profit in a given taxable period. For details, see "– Key Factors Affecting Our Performance – Taxation". For risks associated with the authorized tax valuation method, see "Risk Factors – Risks Relating to Our Business and Industries – Our EIT obligations will increase, which will lead to an increase in our effective tax rate".

LAT. In general, PRC LAT is levied on properties developed by property developers in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under applicable PRC regulations is calculated based on the proceeds from sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures.

Deferred tax. Our deferred tax liabilities are primarily related to deferred taxes on changes in fair value of our investment properties. Our deferred tax assets are primarily related to deferred taxes on temporary differences on property sale and cost of sales, tax losses, impairment of assets and unrealized profit on intra-group transactions. For details, see "Critical Accounting Policies and Estimates – Deferred Tax" in this section.

As a result of the foregoing, our effective tax rate, representing income tax expense divided by profit before taxation, was 12.9%, 14.2%, 4.5%, 38.3% and 34.5% in 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, respectively.

RESULTS OF OPERATIONS

The following table sets out our consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2013 and 2014, which are derived from the Accountants' Report as set out in Appendix I to this prospectus.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	1,201,189	467,452	1,212,904	269,108	312,791
Cost of sales and services	(575,309)	(336,983)	(394,712)	(84,724)	(103,351)
Gross profit	625,880	130,469	818,192	184,384	209,440
Other income	42,014	66,729	99,645	29,565	8,000
Other expenses	(300)	(2,706)	(10,197)	–	(16,849)
Other gains and losses	16,964	15,766	10,831	1,399	5,690
Selling and marketing expenses	(23,030)	(19,517)	(32,277)	(4,884)	(5,955)
Administrative expenses	(48,262)	(56,157)	(62,325)	(13,775)	(15,403)
Finance costs	(82,844)	(84,145)	(69,405)	(19,870)	(34,502)
Debt restructuring gain	112,228	–	–	–	–
Gains and losses in relation to warrants	(55,840)	208,140	17,248	(162,684)	–
Gain (loss) on fair value change of investment properties	86,957	9,164	31,900	12,400	5,000
Share of losses of associates	(38)	(1,791)	(2,618)	(1,022)	(716)
Share of losses of a joint venture	–	(190)	(1,533)	(13)	–
Profit before tax	673,729	265,762	799,461	25,500	154,705
Income tax expense	(86,812)	(37,748)	(36,000)	(9,762)	(53,428)
Profit and total comprehensive income attributable to owners of the Company for the year/period	586,917	228,014	763,461	15,738	101,277

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three months ended March 31, 2014 compared with three months ended March 31, 2013

Revenue

Our total revenue increased by RMB43.7 million, or 16.2%, from RMB269.1 million for the three months ended March 31, 2013 to RMB312.8 million for the same period in 2014. The increase was mainly attributable to increases in revenue from sales of properties and property leasing, the effects of which were partially offset by a decrease in fee income from sales of land development for sale.

- *Fee income from sales of land development for sale*. Fee income derived from our sales of land development for sale decreased by RMB92.8 million, or 34.8%, from RMB266.8 million for the three months ended March 31, 2013 to RMB174.1 million for the same period in 2014. Such decrease mainly reflected a decrease in the total land in Longhe Park sold by the local government from 225,397 sq.m. for the three months ended March 31, 2013, or by 55.0%, to 101,332 sq.m. for the same period in 2014 according to the sale schedule. The foregoing effects, however, were partially offset by an increase in the average selling price of land in Longhe Park by the local government from RMB1,855 per sq.m. for the three months ended March 31, 2013 to RMB2,837 per sq.m. for the same period in 2014, primarily because all of the land sold by the local government in the first quarter of 2014 was residential and commercial land, which represented a significantly higher average selling price as compared to industrial land. In each of the three months ended March 31, 2013 and 2014, there was no intra-group elimination as we did not purchase land in Longhe Park for our own development of property projects during the same periods.

  The table below sets forth details regarding land sold by local government, the relevant average selling price, land premium and a breakdown of our fee income in the three months ended March 31, 2013 and 2014.

	Land sold by local government	ASP sold by local government	Land premium	Our fee income (before intra-group eliminations)		Intra-group eliminations[1]	Our fee income (after intra-group eliminations)	
	sq.m.	RMB/sq.m.	RMB'000	RMB'000	% of land premium	RMB'000	sq.m.	RMB'000
Three months ended March 31, 2013								
Industrial land	62,429	370	23,100	18,014	78.0%	–	62,429	18,014
Residential and commercial land . . .	162,968	2,424	395,000	248,828	63.0%	–	162,968	248,828
Subtotal	**225,397**	**1,855**	**418,100**	**266,842**	**63.8%**	**–**	**225,397**	**266,842**
Three months ended March 31, 2014								
Industrial land	–	–	–	–	–	–	–	–
Residential and commercial land . . .	101,332	2,837	287,500	174,079	60.5%	–	101,332	174,079
Subtotal	**101,332**	**2,837**	**287,500**	**174,079**	**60.5%**	**–**	**101,332**	**174,079**

Note:

(1) Represents fee income that is derived from transactions among members of our Group as a result of our purchase of land use rights in Longhe Park and eliminated on consolidation.

- *Revenue from sales of properties*. Revenue derived from our sales of properties increased by RMB134.2 million, from nil for the three months ended March 31, 2013 to RMB134.2 million for the same period in 2014. Such increase was primarily because we did not deliver any properties for the three months ended March 31, 2013 which was in line with our development schedule. The total GFA of properties we delivered (excluding ancillary areas and car park units) for the three months ended March 31, 2014 was 16,631 sq.m., primarily reflecting our delivery of Hongtai Meishuguan Phase I (宏泰美樹館一期), the commercial section of Hongtai Longdi Phase I (宏泰龍邸一期) and Mingren Garden Phase II (名人小區二期) in the same period. The average selling price of properties we delivered (excluding ancillary areas and car park units) for the three months ended March 31, 2014 was RMB8,456 per sq.m..

  The following table sets forth the revenue, GFA sold, car park units sold, and average selling price for each of our revenue-generating property in the three months ended March 31, 2013 and 2014.

Residential & Commercial	**Revenue**		**GFA Sold**		**ASP**	
	Three months ended March 31,		**Three months ended March 31,**		**Three months ended March 31,**	
Projects	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
	RMB'000	**RMB'000**	**sq.m.**	**sq.m.**	**RMB/sq.m.**	**RMB/sq.m.**
Mingren Garden Phase II (名人小區二期)						
Residential	–	2,167	–	320	–	6,762
Commercial	–	1,479	–	131	–	11,278
	–	3,646	–	451	–	8,074
Foxconn City Phase I (富士康城一期)						
Residential	–	(1)[(1)]	–	–	–	–
Commercial	–	(29)[(1)]	–	(3)[(1)]	–	–
	–	(30)[(1)]	–	(3)[(1)]	–	–
Hongtai Meishuguan Phase I (宏泰美樹館一期)						
Residential	–	59,391	–	10,615	–	5,595
Commercial	–	10,418	–	1,191	–	8,745
	–	69,809	–	11,806	–	5,913
Hongtai Longdi Phase I (宏泰龍邸一期)						
Residential	–	–	–	–	–	–
Commercial	–	67,203	–	4,376	–	15,358
	–	67,203	–	4,376	–	15,358
Sub-total	–	140,628	–	16,631	–	8,456

Note:
(1) Represents the estimated GFA of the property units specified in the property purchase contracts in excess of the actual GFA specified in the property ownership certificates which were issued after delivery of the relevant properties. As a result, the purchase price of such properties were reduced in accordance with the terms of the property purchase contracts and revenue derived from such portion of GFA was adjusted accordingly after delivery of the relevant properties.

Ancillary Area	**Revenue**		**GFA Sold**		**ASP**	
	Three months ended March 31,		**Three months ended March 31,**		**Three months ended March 31,**	
Projects	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
	RMB'000	**RMB'000**	**sq.m.**	**sq.m.**	**RMB/sq.m.**	**RMB/sq.m.**
Mingren Garden Phase II (名人小區二期)	–	23	–	20	–	1,164
Hongtai Meishuguan Phase I (宏泰美樹館一期)	–	1,365	–	1,384	–	987
Sub-total	–	1,388	–	1,403	–	989
Total	–	142,016	–	18,034	–	7,875
Less: Business tax and subcharges	–	7,841	–	–	–	–
Total revenue after tax	–	134,175	–	–	–	–

- *Revenue from property leasing*. Revenue from property leasing increased by RMB2.2 million, or 95.7%, from RMB2.3 million for three months ended March 31, 2013 to RMB4.5 million for the same period in 2014, primarily due to more GFA being rented out in the three months ended March 31, 2014.

Cost of sales

Our total cost of sales increased by RMB18.6 million, or 22.0%, from RMB84.7 million for the three months ended March 31, 2013 to RMB103.4 million for the same period in 2014. The increase was mainly attributable to an increase in cost of properties sold, the effects of which were partially offset by a decrease in cost of land development for sale.

- *Cost of land development for sale*. Cost of land development for sale decreased by RMB58.5 million, or 69.1%, from RMB84.7 million for the three months ended March 31, 2013 to RMB26.2 million for the same period in 2014, primarily due to a decrease in demolition and relocation cost from RMB64.8 million for the three months ended March 31, 2013 to RMB18.1 million for the same period in 2014, as a result of less demolition work involved on the land parcels sold by the local government in the three months ended March 31, 2014.

- *Cost of properties sold*. Cost of properties sold increased by RMB77.1 million from nil for the three months ended March 31, 2013 to RMB77.1 million for the same period in 2014, primarily because we did not deliver any properties in the three months ended March 31, 2013.

- *Direct operating expense for property leasing*. Direct operating expense for property leasing was RMB0.06 million for each of the three months ended March 31, 2013 and 2014.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB25.0 million, or 13.6%, from RMB184.4 million for the three months ended March 31, 2013 to RMB209.4 million for the same period in 2014. Our gross profit margin remained relatively stable with a slight decrease from 68.5% for the three months ended March 31, 2013 to 67.0% for the same period in 2014.

- *Land development for sale*. Gross profit for sales of land development for sale decreased by RMB34.3 million, or 18.8%, from RMB182.2 million for the three months ended March 31, 2013 to RMB147.9 million for the same period in 2014. Gross profit margin for our sales of land development for sale increased from 68.3% for the three months ended March 31, 2013 to 84.9% for the same period in 2014, primarily because (i) all of the land sold by the local government in the first quarter of 2014 was residential and commercial land, which represented a significantly higher average selling price as compared to industrial land; and (ii) the cost of land development for sale for the three months ended March 31, 2014 was lower as compared to the same period in 2013 as a result of less demolition work involved on the land parcels sold by the local government in the three months ended March 31, 2014.

- *Sales of properties*. Gross profit for sales of properties increased by RMB57.1 million from nil for the three months ended March 31, 2013 to RMB57.1 million for the same period in 2014. Gross profit margin for our sales of properties was 42.6% for the three months ended March 31, 2014.

- *Property leasing*. Gross profit for property leasing increased by RMB2.3 million, or 102.9%, from RMB2.2 million for the three months ended March 31, 2013 to RMB4.5 million for the same period in 2014. Gross profit margin for our property leasing remained relatively stable at 97.4% for the three months ended March 31, 2013, as compared to 98.7% for the same period in 2014.

Other income

Our other income decreased by RMB21.6 million, or 72.9%, from RMB29.6 million for the three months ended March 31, 2013 to RMB8.0 million for the same period in 2014. The decrease was mainly due to (i) a decrease of RMB18.8 million in imputed interest income on interest-free advances to related parties for the three months ended March 31, 2014 as all the non-current receivables due from related parties were fully settled in December 2013, and (ii) a decrease of RMB3.0 million in interest income on trade and other receivables for the three months ended March 31, 2014 as a result of a decrease in the outstanding balances of the trade and other receivables that generated such interest income.

Other expenses

Our other expenses were RMB16.9 million for the three months ended March 31, 2014 whereas we did not have similar expenses for the same period in 2013. Our other expenses for the three months ended March 31, 2014 mainly included listing expenses of RMB16.8 million in connection with our Listing on the Hong Kong Stock Exchange.

Other gains and losses

Our other gains and losses increased by RMB4.3 million, or 306.7%, from RMB1.4 million for the three months ended March 31, 2013 to RMB5.7 million for the same period in 2014. The increase was mainly due to (i) an increase of RMB3.0 million in exchange gains, primarily reflecting exchange gains on our offshore borrowings, and (ii) gain on the acquisition of the remaining equity interest in Langfang Goodman Vast Park Service of RMB1.5 million whereas we did not record similar gain in the same period in 2013. We acquired the remaining 50% equity interest in Langfang Goodman Vast Park Service in the three months ended March 31, 2014 for a cash consideration of US$15.0 million.

Selling and marketing expenses

Selling and marketing expenses increased by RMB1.1 million, or 22.0%, from RMB4.9 million for the three months ended March 31, 2013 to RMB6.0 million for the same period in 2014. The increase was mainly due to our increased scale of marketing activities for the various property development projects in the three months ended March 31, 2014.

Administrative expenses

Administrative expenses increased by RMB1.6 million, or 11.8%, from RMB13.8 million for the three months ended March 31, 2013 to RMB15.4 million for the same period in 2014. The increase in administrative expenses was mainly due to an increase in staff-related expenses as a result of the increased number of our employees involved in administrative activities in line with our expansion of operations.

Finance cost

Finance cost increased by RMB14.6 million, or 73.6%, from RMB19.9 million for the three months ended March 31, 2013 to RMB34.5 million for the same period in 2014. The increase in finance cost was mainly due to an increase in our average outstanding balance of trust loans with higher interest rate.

Debt restructuring gain

We recorded nil debt restructuring gain for each of the three months ended March 31, 2013 and 2014. For details of the restructuring of the CDH loan and investments by CDH and OCBC, see Note 31(b)(iv) to the Accountants' Report in Appendix I to this prospectus.

Gains and losses in relation to warrants

We recorded fair value loss of RMB162.7 million in our warrants issued to CDH and OCBC for the three months ended March 31, 2013 whereas we did not record similar loss for the same period in 2014. Our warrants issued to CDH and OCBC were cancelled on June 14, 2013, pursuant to the cancellation agreements signed with CDH and OCBC during 2013.

Changes in fair value of investment properties

Our fair value gain of investment properties decreased by RMB7.4 million, or 59.7%, from RMB12.4 million for the three months ended March 31, 2013 to RMB5.0 million for the same period in 2014, primarily due to a decrease in fair value gain recorded on Phases I and II of SME Entrepreneurial Base (中小企業創業基地一期、二期).

Share of losses of associates

Our share of losses of associates decreased by RMB0.3 million, or 30.0%, from RMB1.0 million for the three months ended March 31, 2013 to RMB0.7 million for the same period in 2014, primarily due to our share of loss of Langfang Huayuan Shengshi Heating Co., Ltd.* (廊坊市華源盛世熱力有限公司).

Share of losses of a joint venture

Our share of losses of a joint venture, namely, Langfang Goodman Vast Park Service, was RMB13,000 for the three months ended March 31, 2013 whereas we did not record similar loss for the same period in 2014, as we acquired the remaining 50% equity interest in Langfang Goodman Vast Park Service in the three months ended March 31, 2014.

Profit before tax

As a result of the aforesaid factors, our profit before tax increased by RMB129.2 million, or 506.7%, from RMB25.5 million for the three months ended March 31, 2013 to RMB154.7 million for the same period in 2014.

Income tax expense

Income tax expense increased by RMB43.6 million, or 447.3%, from RMB9.8 million for the three months ended March 31, 2013 to RMB53.4 million for the same period in 2014, which primarily reflected (i) a significantly higher profit before tax recorded in the three months ended March 31, 2014; (ii) the change of tax valuation method by our subsidiary Langfang Sheng Shi Construction from authorized tax valuation method to actual tax valuation method, effective from January 1, 2014; and (iii) LAT of RMB18.4 million recorded for the three months ended March 31, 2014 whereas we recorded nil LAT for the same period in 2013 as no property was delivered in the three months ended March 31, 2013.

Our effective tax rate slightly decreased from 38.3% for the three months ended March 31, 2013 to 34.5% for the same period in 2014, primarily because our profit before tax for the three months ended March 31, 2013 was significantly lower mainly as a result of a loss in relation to warrants of RMB162.7 million recorded during the same period, whereas we did not record similar losses for the three months ended March 31, 2014. The foregoing effects were partially offset by (i) the change of Langfang Sheng Shi Construction's tax valuation method from authorized tax valuation method to actual tax valuation method, effective from January 1, 2014, which increased the effective tax rate applicable to Langfang Sheng Shi Construction; and (ii) LAT of RMB18.4 million recorded for the three months ended March 31, 2014 whereas we recorded nil LAT for the same period in 2013 as no property was delivered in the first quarter of 2013. Without taking into account the loss in relation to warrants of RMB162.7 million recorded in the three months ended March 31, 2013, the effective tax rate for the same period would have been 5.2%.

Profit for the period

As a result for the foregoing factors, profit for the period increased by RMB85.6 million, or 544.6%, from RMB15.7 million for the three months ended March 31, 2013 to RMB101.3 million for the same period in 2014.

Year ended December 31, 2013 compared with year ended December 31, 2012

Revenue

Our total revenue increased by RMB745.4 million, or 159.4%, from RMB467.5 million in 2012 to RMB1,212.9 million in 2013. The increase was mainly attributable to an increase in fee income from sales of land development for sale, the effects of which were partially offset by decreases in revenue from sales of properties and revenue from property leasing.

- *Fee income from sales of land development for sale*. Fee income derived from our sales of land development for sale increased by RMB932.3 million, or 1,001.6%, from RMB93.1 million in 2012 to RMB1,025.4 million in 2013. Such increase primarily reflected (i) an increase in the total land size in Longhe Park sold by the local government from 604,372 sq.m. in 2012, or by 21.7%, to 735,418 sq.m. in 2013, primarily driven by our pace of land preparation and infrastructure construction and increased marketing and promotional activities for sale of land use rights in Longhe Park, and, to a lesser extent, due to the fact that land parcels of an aggregate of 215,563 sq.m. were publicly auctioned in December 2012 but the relevant fee income of RMB260.9 million was recognized as revenue in early 2013 following the execution of land grant contracts by the relevant parties, (ii) an increase in the average selling price of land in Longhe Park by the local government from RMB546 per sq.m. in 2012, or by 289.7%, to RMB2,128 per sq.m. in 2013, primarily driven by a higher proportion of residential and commercial land sold by the local government in 2013, which represented a significantly higher average selling price as compared to industrial land; and (iii) that more intra-group eliminations were made in 2012, primarily due to our purchase of certain land in a premium location of Longhe Park for the development of Chuangye Plaza Phase II in 2012. As a result of this purchase, the average selling price of residential and commercial land sold by the local government decreased from RMB3,435 per sq.m. in 2012 to RMB2,668 per sq.m. in 2013.

The table below sets forth details regarding land sold by local government, the relevant average selling price, land premium and a breakdown of our fee income in 2012 and 2013.

	Land sold by local government	ASP sold by local government	Land premium	Our fee income (before intra-group eliminations)		Intra-group eliminations(1)	Our fee income (after intra-group eliminations)	
	sq.m.	RMB/sq.m.	RMB'000	RMB'000	% of land premium	RMB'000	sq.m.	RMB'000
2012								
Industrial land	565,635	348	197,020	98,933	50.2%	(16,208)	503,196	82,725
Residential and commercial land	38,737	3,435	133,068	96,111	72.2%	(85,751)	5,770	10,360
Subtotal	**604,372**	**546**	**330,088**	**195,044**	**59.1%**	**(101,959)**	**508,966**	**93,085**
2013								
Industrial land	172,137	364	62,700	51,550	82.2%(2)	(19,596)	109,223	31,954
Residential and commercial land	563,281	2,668	1,502,596	993,489	66.1%	–	563,281	993,489
Subtotal	**735,418**	**2,128**	**1,565,296**	**1,045,039**	**66.8%**	**(19,596)**	**672,504**	**1,025,443**

Notes:

(1) Represents fee income that is derived from transaction within members of our Group as a result of our purchase of land use rights in Longhe Park and eliminated on combination.

(2) This percentage was significantly higher as compared to that in 2012, primarily due to a smaller amount of subsidies that the relevant local government paid in 2013 to enterprises establishing their businesses in Longhe Park, in line with the enhanced market awareness of Longhe Park. We bear the cost of such subsidies according to our arrangement with the relevant local government. For details of such arrangement, see "Business – Our Industrial Town Projects – Agreement with the Management Committee of Longhe Park".

- *Revenue from sales of properties.* Revenue derived from our sales of properties decreased by RMB185.1 million, or 51.1%, from RMB362.1 million in 2012 to RMB177.0 million in 2013. Such decrease primarily reflected decreases in the total GFA and average selling price of properties we delivered. The total GFA of properties we delivered (excluding ancillary area and car park units) decreased from 42,153 sq.m. in 2012, or by 15.8%, to 35,480 sq.m. in 2013, primarily due to our delivery of Chuangye Plaza Phase I (創業大廈一期) and Mingren Garden Phase I (名人小區一期) in 2012. The average selling price of properties we delivered (excluding ancillary areas and car park units) decreased from RMB8,761 per sq.m. in 2012, or by 41.3%, to RMB5,147 per sq.m. in 2013, primarily because (i) Hongtai Meishuguan Phase I (宏泰美樹館一期), the major property that we delivered in 2013, had a relatively low average selling price mainly due to its location and our strategy to price such property competitively in order to gain market share, and (ii) properties with a higher average selling price were not delivered in 2013. For details of the reasons of fluctuation of our properties, also see "Business – Our Residential, Commercial and Industrial Projects – Overview".

The following table sets forth the revenue, GFA sold, car park units sold, and average selling price for each of our revenue-generating properties in 2012 and 2013.

Residential & Commercial	Revenue		GFA Sold		ASP	
Projects	2012	2013	2012	2013	2012	2013
	RMB'000	RMB'000	sq.m.	sq.m.	RMB/sq.m.	RMB/sq.m.
Mingren Garden Phase I (名人小區一期)						
Residential	9,458	–	1,312	–	7,207	–
Commercial	–	–	–	–	–	–
	9,458	–	1,312	–	7,207	–
Mingren Garden Phase II (名人小區二期)						
Residential	15,137	6,614	2,246	957	6,739	6,911
Commercial	52,812	2,914	3,174	211	16,640	13,799
	67,949	9,528	5,420	1,168	12,537	8,157
Foxconn City Phase I (富士康城一期)						
Residential	26,904	316	5,204	59	5,170	5,321
Commercial	49,953	4,358	5,749	601	8,688	7,257
	76,858	4,674	10,953	660	7,017	7,083
Yihejiayuan (頤和佳苑)						
Residential	–	–	–	–	–	–
Commercial	644	(8,422)[(1)]	42	(905)[(1)]	15,429	–[(2)]
	644	(8,422)[(1)]	42	(905)[(1)]	15,429	–
Yishujia (逸樹家)						
Residential	–	(26)[(3)]	–	(3)[(3)]	–	–
Commercial	–	–	–	–	–	–
	–	(26)[(3)]	–	(3)[(3)]	–	–
Hongtai Meishuguan Phase I (宏泰美樹館一期)						
Residential	–	171,347	–	33,886	–	5,057
Commercial	–	5,521	–	674	–	8,193
	–	176,868	–	34,560	–	5,118
Chuangye Plaza Phase I (創業大廈一期)						
Commercial	214,397	–	24,426	–	8,778	–
Subtotal	**369,306**	**182,622**	**42,153**	**35,480**	**8,761**	**5,147[(4)]**

Ancillary Area	Revenue		GFA Sold		ASP	
Projects	2012	2013	2012	2013	2012	2013
	RMB'000	RMB'000	sq.m.	sq.m.	RMB/sq.m.	RMB/sq.m.
Mingren Garden Phase I (名人小區一期)	65	–	60	–	1,083	–
Mingren Garden Phase II (名人小區二期)	296	75	248	64	1,191	1,163
Hongtai Meishuguan Phase I (宏泰美樹館一期)	–	4,250	–	4,295	–	990
Subtotal	**360**	**4,325**	**308**	**4,359**	**1,170**	**992**

Car Park Units	Revenue		Car Park Units Sold		ASP	
Projects	2012	2013	2012	2013	2012	2013
	RMB'000	RMB'000	no. of car park units	no. of car park units	RMB/car park units	RMB/car park units
Mingren Garden (名人小區)	1,655	560	16	4	103,438	140,000
Total	**371,321**	**187,507**	**–**	**–**	**–**	**–**
Less: Business tax and subcharges	(9,265)	(10,485)	–	–	–	–
Total revenue after tax	**362,056**	**177,022**	**–**	**–**	**–**	**–**

Notes:

(1) Represents return of properties by customers when application process for the property titles took longer than expected. The revenue of RMB8.4 million was previously recognized in 2011. We did not sell or deliver any property in Yihejiayuan in 2013. For details, see "Business – Our Residential, Commercial and Industrial Projects – Property Development Process – Delivery of residential and commercial properties".

(2) The average selling price of properties returned in Yihejiayuan was RMB9,309 per sq.m. in 2013, calculated as the deducted revenue of such returned properties divided by GFA previously sold and delivered but subsequently returned.

(3) Represents the estimated GFA of the property units specified in the property purchase contracts in excess of the actual GFA specified in the property ownership certificates which were issued after delivery of the relevant properties. As a result, the purchase price of such properties was reduced in accordance with the terms of the property purchase contracts and revenue derived from such portion of GFA was adjusted accordingly after delivery of the relevant properties.

(4) Without taking into consideration the returned properties in Yihejiayuan in 2013, the overall ASP of our residential and commercial properties sold and delivered in 2013 would have been RMB5,251 per sq.m.

- *Revenue from property leasing*. Revenue from property leasing decreased by RMB1.9 million, or 15.2%, from RMB12.3 million in 2012 to RMB10.4 million in 2013, primarily due to more GFA rented in 2012.

Cost of sales

Our total cost of sales increased by RMB57.7 million, or 17.1%, from RMB337.0 million in 2012 to RMB394.7 million in 2013. The increase was mainly attributable to increases in cost of land development for sale, the effects of which were partially offset by a decrease in cost of properties sold.

- *Cost of land development for sale.* Cost of land development for sale increased by RMB144.6 million, or 194.5%, from RMB74.3 million in 2012 to RMB218.9 million in 2013, primarily due to an increase in the total land size in Longhe Park developed by us and sold by the local government to third parties from 508,966 sq.m. in 2012, or by 32.1%, to 672,504 sq.m. in 2013, and an increase in demolition and relocation cost from RMB51.4 million in 2012 to RMB161.1 million in 2013, as affected by the land size, the location and GFA and types of building demolished on particular land parcels.

- *Cost of properties sold.* Cost of properties sold decreased by RMB86.9 million, or 33.1%, from RMB262.5 million in 2012 to RMB175.6 million in 2013, primarily due to a decrease in construction and land acquisition costs as a result of our decreased GFA delivered in 2013.

- *Direct operating expense for property leasing.* Direct operating expense for property leasing was RMB0.2 million in each of 2012 and 2013.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB687.7 million, or 527.1%, from RMB130.5 million in 2012 to RMB818.2 million in 2013. Our gross profit margin increased from 27.9% in 2012 to 67.5% in 2013, primarily driven by the significant increase in the gross profit margin for our sales of land development for sale in 2013.

- *Land development for sale*. Gross profit for sales of land development for sale increased by RMB787.8 million, or 4,202.2%, from RMB18.7 million in 2012 to RMB806.5 million in 2013. Gross profit margin for our sales of land development for sale increased from 20.1% in 2012 to 78.7% in 2013, primarily due to a higher proportion of residential and commercial land sold by the local government in 2013, which represented a significantly higher average selling price and gross profit margin as compared to industrial land.

- *Sales of properties*. Gross profit for sales of properties decreased by RMB98.2 million, or 98.6%, from RMB99.6 million in 2012 to RMB1.4 million in 2013. Gross profit margin for our sales of properties decreased from 27.5% in 2012 to 0.8% in 2013, primarily because (i) Hongtai Meishuguan Phase I (宏泰美樹館一期), the major property that we delivered in 2013, had a relatively low average selling price mainly due to its location and our strategy to price such property competitively in order to gain market share, and (ii) properties with a higher average selling price were not delivered in 2013.

- *Property leasing*. Gross profit for property leasing decreased by RMB1.9 million, or 15.6%, from RMB12.2 million in 2012 to RMB10.3 million in 2013. Gross profit margin for our property leasing remained stable at 98.2% in 2013, as compared to 98.7% in 2012.

Other income

Our other income increased by RMB32.9 million, or 49.3%, from RMB66.7 million in 2012 to RMB99.6 million in 2013. The increase was mainly due to an increase of RMB41.3 million in imputed interest income on interest-free advances to related parties in 2013 as a result of a higher average outstanding balance of amounts due from related parties. The increase was partially offset by a government grant of RMB12.0 million we received in 2012 in connection with our development of Longhe Park whereas no similar government grant was received in 2013.

Other expenses

Our other expenses increased by RMB7.5 million, or 277.8%, from RMB2.7 million in 2012 to RMB10.2 million in 2013. The increase was mainly due to listing expenses of RMB4.7 million recorded in 2013 in connection with our Listing on the Hong Kong Stock Exchange whereas we did not record similar expenses in 2012, and an increase of RMB4.7 million in penalty charges mainly arising from early commencement of construction activities without obtaining appropriate approval documents from the relevant government authorities.

Other gains and losses

Our other gains and losses decreased by RMB5.0 million, or 31.3%, from RMB15.8 million in 2012 to RMB10.8 million in 2013. The decrease was mainly due to a decrease of RMB12.1 million in disposal gains of subsidiaries, and an impairment on a trade receivable of RMB1.4 million recorded in 2013 whereas no similar impairment was recorded in 2012. Our disposal gains of subsidiaries in 2012 were related to our disposal of 70% equity interest in Langfang Kaihong Furniture Mart Company Limited* (廊坊市凱宏家居廣場有限公司), following which we retained 30% equity interest, and our disposal gains of subsidiaries in 2013 were related to our disposal of 100% equity interest in a subsidiary held by us at that time.

Selling and marketing expenses

Selling and marketing expenses increased by RMB12.8 million, or 65.4%, from RMB19.5 million in 2012 to RMB32.3 million in 2013. The increase was mainly due to an increase in staff-related expenses as a result of our increased number of employees involved in selling and marketing activities in line with our expansion of operations, an increase in marketing and promotion expenses in connection with our marketing and promotional activities for sales of properties, and an increase in rental fees in connection with our lease of a new office in Beijing in 2013.

Administrative expenses

Administrative expenses increased by RMB6.1 million, or 11.0%, from RMB56.2 million in 2012 to RMB62.3 million in 2013. The increase in administrative expenses was mainly due to an increase in staff-related expenses as a result of our increased number of employees involved in administrative activities in line with our expansion of operations.

Finance cost

Finance cost decreased by RMB14.7 million, or 17.5%, from RMB84.1 million in 2012 to RMB69.4 million in 2013. The decrease in finance cost was mainly due to an increase of RMB35.3 million in interest capitalized in properties under development for sale and an increase of RMB14.3 million in interest capitalized in land development for sale in 2013, the effects of which were partially offset by an increase of RMB29.8 million in total borrowing costs to expand our operations in 2013.

Debt restructuring gain

We recorded nil debt restructuring gain in 2012 and 2013. For details of the restructuring of the CDH loan and investments by CDH and OCBC, see Note 31(b)(iv) to the Accountants' Report in Appendix I to this prospectus.

Gains and losses in relation to warrants

We recorded fair value gain of RMB208.1 million and RMB17.2 million in our warrants issued to CDH and OCBC in 2012 and 2013, whereas we recorded fair value loss of RMB55.8 million in such warrants in 2011. Our warrants issued to CDH and OCBC were cancelled on June 14, 2013, pursuant to the cancellation agreements signed with CDH and OCBC during 2013.

Changes in fair value of investment properties

Our fair value gain of investment properties increased by RMB22.7 million, or 248.1%, from RMB9.2 million in 2012 to RMB31.9 million in 2013, primarily due to increased fair value gain recorded on Phase II of SME Entrepreneurial Base.

Share of losses of associates

Our share of losses of associates increased by RMB0.8 million, or 46.2%, from RMB1.8 million in 2012 to RMB2.6 million in 2013, primarily due to our share of loss of Langfang Kaichuang Jiahua Investment Co., Ltd.* (廊坊市凱創嘉華投資有限公司).

Share of losses of a joint venture

Our share of losses of a joint venture, namely, Langfang Goodman Vast Park Service, increased by RMB1.3 million, or 706.8%, from RMB0.2 million in 2012 to RMB1.5 million in 2013.

Profit before tax

As a result of the aforesaid factors, our profit before tax increased by RMB533.7 million, or 200.8%, from RMB265.8 million in 2012 to RMB799.5 million in 2013.

Income tax expense

Income tax expense slightly decreased by RMB1.7 million, or 4.6%, from RMB37.7 million in 2012 to RMB36.0 million in 2013, despite a significantly higher profit before tax recorded in 2013. This was mainly due to a higher proportion of profit before taxation in 2013 generated from our development of industrial town projects, and our subsidiary primarily conducting such business was Langfang Sheng Shi Construction. Langfang Sheng Shi Construction's taxable profit was fixed as 10% of its revenue (after adjusting the non-deductible subsidies paid to enterprise customers establishing their businesses in Longhe Park) under the applicable authorized tax valuation method, regardless of actual result. As such, the taxable profit of Langfang Sheng Shi Construction required by law in 2013 was significantly lower than its profit before taxation in 2013. In addition, we recorded deferred tax credit of RMB11.7 million in 2013, primarily arising from temporary differences on property sales and cost of sales.

As a result of the foregoing factors, our effective tax rate decreased from 14.2% in 2012 to 4.5% in 2013.

Profit for the year

As a result for the foregoing factors, profit for the year increased by RMB535.5 million, or 234.8%, from RMB228.0 million in 2012 to RMB763.5 million in 2013.

Year ended December 31, 2012 compared with year ended December 31, 2011

Revenue

Our total revenue decreased by RMB733.7 million, or 61.1%, from RMB1,201.2 million in 2011 to RMB467.5 million in 2012. The decrease was mainly attributable to decreases in fee income from sales of land development for sale and revenue from sales of properties.

- *Fee income from sales of land development for sale*. Fee income derived from our sales of land development for sale decreased by RMB600.1 million, or 86.6%, from RMB693.2 million in 2011 to RMB93.1 million in 2012. Such decrease primarily reflected (i) a decrease in the total land size in Longhe Park sold by the local government from 1,234,482 sq.m. in 2011, or by 51.0%, to 604,372 sq.m. in 2012, primarily due to our strategic adjustment of development plan in 2012 to slow down our marketing efforts and land preparation and infrastructure construction activities with respect to residential and commercial land, in light of the relatively low market price of residential and commercial land sites in Langfang in 2012, which, according to JLL, decreased from RMB3,559 per sq.m. in 2011 to RMB2,577 per sq.m. in 2012, and in anticipation of the growing potential of market price of such land sites from 2013, and (ii) a decrease in the average selling price of land in Longhe Park by the local government from RMB1,094 per sq.m. in 2011, or by 50.1%, to RMB546 per sq.m. in 2012, primarily due to a higher proportion of industrial land sold by the local government in 2012, which represented a significantly lower average selling price as compared to residential and commercial land. The ASP of residential and commercial land sold by the local government, however, increased from RMB2,800 per sq.m. in 2011 to RMB3,435 per sq.m. in 2012, primarily due to our purchase of certain land in a premium location of Longhe Park for development of Chuangye Plaza Phase II in 2012.

The table below sets forth details regarding land sold by local government, the relevant average selling price, land premium and a breakdown of our fee income in 2011 and 2012.

	Land sold by local government	ASP sold by local government	Land premium	Our fee income (before intra-group eliminations)		Intra-group eliminations[(1)]	Our fee income (after intra-group eliminations)	
	Sq.m.	RMB/sq.m.	RMB'000	RMB'000	% of Land premium	RMB'000	sq.m.	RMB'000
2011								
Industrial land	854,259	334	285,370	145,994	51.2%	(37,454)	728,883	108,540
Residential and commercial land . . .	380,223	2,800	1,064,586	671,360	63.1%	(86,692)	367,557	584,668
Subtotal	**1,234,482**	**1,094**	**1,349,956**	**817,354**	**60.5%**	**(124,146)**	**1,096,440**	**693,208**
2012								
Industrial land	565,635	348	197,020	98,933	50.2%	(16,208)	503,196	82,725
Residential and commercial land . . .	38,737	3,435	133,068	96,111	72.2%	(85,751)	5,770	10,360
Subtotal	**604,372**	**546**	**330,088**	**195,044**	**59.1%**	**(101,959)**	**508,966**	**93,085**

Note:

(1) Represents fee income that is derived from transaction within members of our Group as a result of our purchase of land use rights in Longhe Park and eliminated on consolidation.

- *Revenue from sales of properties.* Revenue derived from our sales of properties decreased by RMB137.4 million, or 27.5%, from RMB499.5 million in 2011 to RMB362.1 million in 2012. Such decrease primarily reflected a decrease in the total GFA of properties we delivered, the effects of which were partially offset by an increase in the average selling price of properties delivered. The total GFA of properties delivered (excluding ancillary area and car park units) decreased from 76,222 sq.m. in 2011, or by 44.7%, to 42,153 sq.m. in 2012, primarily due to our delivery of a majority of Mingren Garden Phase I (名人小區一期) in 2011. The average selling price of properties we delivered (excluding ancillary area and car park units) increased from RMB6,774 per sq.m. in 2011, or by 29.3%, to RMB8,761 per sq.m. in 2012, primarily because for Yihejiayuan Block A (頤和佳苑A區) and Mingren Garden (名人小區), which were both delivered in 2011 and 2012, the properties sold in 2012 were more expensive, primarily because (i) a higher proportion of commercial property units with higher selling prices, in comparison with residential property units, were completed and delivered in 2012, and (ii) the price of the commercial sections in these projects increased due to the gradual completion of comprehensive surrounding infrastructure. For further details of the reasons of fluctuation of our properties, also see "Business – Our Residential, Commercial and Industrial Projects – Overview".

The following table sets forth the revenue, GFA sold, car park units sold, and average selling price for each of our revenue-generating property in 2011 and 2012.

Residential & Commercial	Revenue		GFA Sold		ASP	
Projects	2011	2012	2011	2012	2011	2012
	RMB'000	RMB'000	sq.m.	sq.m.	RMB/sq.m.	RMB/sq.m.
Mingren Garden Phase I (名人小區一期)						
Residential	249,762	9,458	37,722	1,312	6,621	7,207
Commercial	–	–	–	–	–	–
	249,762	9,458	37,722	1,312	6,621	7,207
Mingren Garden Phase II (名人小區二期)						
Residential	76,363	15,137	10,190	2,246	7,494	6,739
Commercial	14,663	52,812	736	3,174	19,929	16,640
	91,025	67,949	10,926	5,420	8,331	12,537
Foxconn City Phase I (富士康城一期)						
Residential	51,450	26,904	10,241	5,204	5,024	5,170
Commercial	73,912	49,953	8,155	5,749	9,063	8,688
	125,362	76,858	18,396	10,953	6,815	7,017
Yihejiayuan (頤和佳苑)						
Residential	9,584	–	3,283	–	2,920	–
Commercial	40,080	644	5,805	42	6,905	15,429
	49,664	644	9,087	42	5,465	15,429
Yishujia (逸樹家)						
Residential	–	–	–	–	–	–
Commercial	550	–	91	–	6,032	–
	550	–	91	–	6,032	–
Chuangye Plaza Phase 1 (創業大廈一期)						
Commercial	–	214,397	–	24,426	–	8,778
Subtotal	**516,363**	**369,306**	**76,222**	**42,153**	**6,774**	**8,761**

Ancillary Area	Revenue		GFA Sold		ASP	
Projects	2011	2012	2011	2012	2011	2012
	RMB'000	RMB'000	sq.m.	sq.m.	RMB/sq.m.	RMB/sq.m.
Mingren Garden Phase I (名人小區一期)	2,813	65	2,648	60	1,062	1,083
Mingren Garden Phase II (名人小區二期)	1,314	296	1,109	248	1,185	1,191
Subtotal	**4,127**	**360**	**3,756**	**308**	**1,099**	**1,170**

Car Park Units	Revenue		Car Park Units Sold		ASP	
Projects	2011	2012	2011	2012	2011	2012
	RMB'000	RMB'000	no. of car park units	no. of car park units	RMB/car park units	RMB/car park units
Mingren Garden (名人小區)	8,676	1,655	87	16	99,724	103,438
Total	**529,166**	**371,321**	**–**	**–**	**–**	**–**
Less: Business tax and subcharges	(29,666)	(9,265)	–	–	–	–
Total revenue after tax	499,500	362,056	–	–	–	–

- *Revenue from property leasing*. Revenue from property leasing increased by RMB3.8 million, or 45.2%, from RMB8.5 million in 2011 to RMB12.3 million in 2012, primarily due to more GFA rented out in 2012.

Cost of sales

Our total cost of sales decreased by RMB238.3 million, or 41.4%, from RMB575.3 million in 2011 to RMB337.0 million in 2012. The decrease was mainly attributable to decreases in cost of land development for sale, cost of property leasing and cost of properties sold.

- *Cost of land development for sale.* Cost of land development for sale decreased by RMB143.4 million, or 65.8%, from RMB217.7 million in 2011 to RMB74.3 million in 2012, primarily due to a decrease in the total land size in Longhe Park developed by us and sold by the local government to third parties from 1,096,440 sq.m. in 2011, or by 53.6%, to 508,966 sq.m. in 2012.

- *Cost of properties sold.* Cost of properties sold decreased by RMB94.8 million, or 26.5%, from RMB357.3 million in 2011 to RMB262.5 million in 2012, primarily due to a decrease in construction and land acquisition costs as a result of our decreased GFA delivered in 2012.

- *Direct operating expense for property leasing.* Direct operating expense for property leasing decreased by RMB134,000, or 45.4%, from RMB295,000 in 2011 to RMB161,000 in 2012.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by RMB495.4 million, or 79.2%, from RMB625.9 million in 2011 to RMB130.5 million in 2012. Our gross profit margin decreased from 52.1% in 2011 to 27.9% in 2012, primarily due to a significant decrease in gross profit margin for our sales of land development for sale in 2012.

- *Land development for sale*. Gross profit for sales of land development for sale decreased by RMB456.8 million, or 96.1%, from RMB475.5 million in 2011 to RMB18.7 million in 2012. Gross profit margin for our sales of land development for sale decreased from 68.6% in 2011 to 20.1% in 2012, primarily due to a higher proportion of industrial land sold by the local government in 2012, which represented a significantly lower average selling price and gross profit margin as compared to residential and commercial land.

- *Sales of properties*. Gross profit for sales of properties decreased by RMB42.6 million, or 30.0%, from RMB142.2 million in 2011 to RMB99.6 million in 2012. Gross profit margin for our sales of properties remained relatively stable at 27.5% in 2012, as compared to 28.5% in 2011.

- *Property leasing*. Gross profit for property leasing increased by RMB4.0 million, or 48.4%, from RMB8.2 million in 2011 to RMB12.2 million in 2012. Gross profit margin for our property leasing remained relatively stable at 98.7% in 2012, as compared to 96.5% in 2011.

Other income

Our other income increased by RMB24.7 million, or 58.8%, from RMB42.0 million in 2011 to RMB66.7 million in 2012. The increase was mainly due to an increase of RMB13.5 million in imputed interest income on trade and other receivables, and an increase of RMB8.2 million in imputed interest income on interest-free advances to related parties in 2012 as a result of increased average outstanding balance of amounts due from related parties.

Other expenses

Our other expenses increased by RMB2.4 million, or 800.0%, from RMB0.3 million in 2011 to RMB2.7 million in 2012. The increase was mainly due to an increase of RMB1.0 million in donations to certain charity organizations in China.

Other gains and losses

Our other gains and losses decreased by RMB1.2 million, or 7.1%, from RMB17.0 million in 2011 to RMB15.8 million in 2012. The decrease was mainly due to (i) a decrease in exchange gains from RMB32.8 million in 2011 to RMB5.8 million in 2012 relating to our borrowings in foreign currencies, and (ii) compensation expenses of RMB3.0 million paid in 2011 for our late delivery of properties whereas we did not incur similar expenses in 2012, the effects of which were partially offset by gains of RMB15.3 million on disposal of 70% equity interest in Langfang Kaihong Furniture Mart Company Limited* (廊坊市凱宏家居廣場有限公司) whereas we did not record similar gains in 2011.

Selling and marketing expenses

Selling and marketing expenses decreased by RMB3.5 million, or 15.3%, from RMB23.0 million in 2011 to RMB19.5 million in 2012. The decrease was mainly due to a decrease in marketing and promotion expenses in connection with less advertising and promotional campaigns we launched for our properties when sales of such properties were nearly completed.

Administrative expenses

Administrative expenses increased by RMB7.9 million, or 16.4%, from RMB48.3 million in 2011 to RMB56.2 million in 2012. The increase in administrative expenses was mainly due to an increase in staff-related expenses as a result of our increased number of employees in line with the expansion of our operations.

Finance cost

Finance cost increased by RMB1.3 million, or 1.6%, from RMB82.8 million in 2011 to RMB84.1 million in 2012. The increase in finance cost was mainly due to an increase of RMB72.2 million in interest on bank loans primarily as a result of our increased average outstanding balance of bank loans, the effects of which were partially offset by an increase of RMB36.3 million in interest capitalized in properties under development for sale and a decrease of RMB25.9 million in interests on other loans, which were primarily related to our debt due to CDH and OCBC before our restructuring of such debt.

Debt restructuring gain

We recorded debt restructuring gain of RMB112.2 million in 2011 relating to our restructuring of loans from CDH and OCBC in 2011. We recorded nil debt restructuring gain in 2012. For details of the restructuring of the CDH loan and investments by CDH and OCBC, see Note 31(b)(iv) to the Accountants' Report in Appendix I to this prospectus.

Gains and losses in relation to warrants

We recorded fair value loss of RMB55.8 million and gain of RMB208.1 million in our warrants issued to CDH and OCBC in 2011 and 2012, respectively. For details of investments by CDH and OCBC and the related debt restructuring, see "History, Development and Reorganization – Historical Investments by CDH and OCBC" and Note 31(b)(iv) to the Accountants' Report in Appendix I to this prospectus.

Changes in fair value of investment properties

Our fair value gain of investment properties decreased by RMB77.8 million, or 89.5% from RMB87.0 million in 2011 to RMB9.2 million in 2012, primarily due to fair value gain recorded on Phase I of SME Entrepreneurial Base of RMB67.1 million in 2011, whereas we recorded fair value loss of the same property of RMB4.1 million in 2012.

Share of losses of associates

Our share of losses of associates increased by RMB1.8 million, or 4,613.2%, from RMB38,000 in 2011 to RMB1.8 million in 2012, primarily due to our share of loss of Langfang Kaichuang Jiahua Investment Co., Ltd. (廊坊市凱創嘉華投資有限公司).

Share of losses of a joint venture

We did not record any share of losses of a joint venture, namely, Langfang Goodman Vast Park Service, in 2011, but incurred share of losses of such joint venture of RMB0.2 million in 2012 since such joint venture was established during 2012.

Profit before tax

As a result of the aforesaid factors, our profit before tax decreased by RMB407.9 million, or 60.6%, from RMB673.7 million in 2011 to RMB265.8 million in 2012.

Income tax expense

Income tax expense decreased by RMB49.1 million, or 56.5%, from RMB86.8 million in 2011 to RMB37.7 million in 2012. Our PRC enterprise income tax decreased by RMB24.8 million, or 66.2%, from RMB37.4 million in 2011 to RMB12.6 million in 2012, primarily due to our decreased profit before tax in 2012. In addition, our net deferred tax charged to profit or loss decreased by RMB25.0 million, or 82.2%, from RMB30.4 million in 2011 to RMB5.4 million in 2012, primarily related to changes in fair value of our investment properties. Furthermore, a higher proportion of profit before taxation in 2011 was generated from our development of industrial town projects, and our subsidiary primarily conducting such business was Langfang Sheng Shi Construction. Langfang Sheng Shi Construction's taxable profit was fixed as 10% of its revenue (after adjusting the non-deductible subsidies paid to enterprise customers establishing their businesses in Longhe Park) under the applicable authorized tax valuation method. As such, the taxable profit of Langfang Sheng Shi Construction required by law in 2011 was significantly lower than its profit before taxation in 2011.

As a result of the foregoing factors, our effective tax rate increased from 12.9% in 2011 to 14.2% in 2012.

Profit for the year

As a result of the foregoing factors, profit for the year decreased by RMB358.9 million, or 61.2%, from RMB586.9 million in 2011 to RMB228.0 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth, for the periods indicated, a summary of our consolidated statements of cash flows.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from (used in) operating activities	47,476	127,183	414,597	371,867	(26,567)
Net cash generated from (used in) investing activities	454,686	(602,149)	67,608	(21,828)	192,633
Net cash generated from (used in) financing activities	(73,058)	67,065	(177,452)	(400,480)	(320,191)
Net increase (decrease) in cash and cash equivalents	429,104	(407,901)	304,753	(50,441)	(154,125)
Cash and cash equivalents at January 1	94,800	523,856	115,953	115,953	420,586
Effect of foreign exchange rate changes	(48)	(2)	(120)	(16)	179
Cash and cash equivalent at the end of the year/period	**523,856**	**115,953**	**420,586**	**65,496**	**266,640**

Net cash generated from/used in operating activities

Our net cash generated from operating activities during the Track Record Period primarily reflected proceeds from sales of land development for sale, proceeds from pre-sale of our properties and rental income from our investment properties. Our cash used in operating activities during the Track Record Period primarily reflected investments in development of industrial town projects and property development.

We had a net cash used in operating activities of RMB26.6 million for the three months ended March 31, 2014, primarily resulting from (i) a decrease in trade and other payables of RMB164.6 million as driven by our payment schedule to contractors in our industrial town development business and property development business, (ii) a decrease in refundable deposits on land development activities of RMB90.7 million, primarily reflecting our refund of such deposits to certain third parties which have purchased land use rights in Longhe Park, and (iii) increase in properties under development for sale of RMB30.6 million, primarily due to our continued property development activities. The foregoing effects were partially offset primarily by (i) operating cash inflow before movements in working capital of RMB175.7 million, (ii) a decrease in trade receivables of RMB70.4 million, primarily reflecting our collection of a portion of trade receivables arising from our sale of Chuangye Plaza Phase I (創業大廈一期) and a portion of the trade receivables arising from land development for sale in Longhe Park as a result of a purchaser's delay in payment of land premium, and (iii) a decrease in land development for sale of RMB36.3 million, in line with our land development activities in Longhe Park in the first quarter of 2014.

We had a net cash generated from operating activities of RMB414.6 million in 2013, primarily resulting from operating cash inflow before movements in working capital of RMB727.7 million, and an increase in trade and other payables of RMB647.3 million, primarily reflecting increased advance from customers from properties development for sale as a result of our increased pre-sale of properties. The foregoing effects were partially offset primarily by (i) an increase in completed properties for sale of RMB354.4 million, reflecting primarily our completion of Hongtai Meishuguan Phase I (宏泰美樹館一期) in 2013, (ii) an increase in land development for sale of RMB214.7 million as we continued to develop Longhe Park, (iii) an increase in properties under development for sale of RMB138.2 million, primarily due to our continued property development activities, (iv) a decrease in amounts due to related parties of RMB129.1 million because of our repayment of certain amounts due to related parties, and (v) an increase in trade receivables of RMB80.5 million, primarily due to a receivable of RMB201.1 million arising from land development for sale in Longhe Park as a result of a purchaser's delay in payment of land premium, the effects of which were partially offset by the partial resettlement of the trade receivables in respect of our sale of Chuangye Plaza Phase I.

We had a net cash generated from operating activities of RMB127.2 million in 2012, primarily resulting from operating cash inflow before movements in working capital of RMB2.6 million, an increase in trade and other payables of RMB901.3 million, primarily reflecting increased payables to third-party contractors as a result of our continuing development of Longhe Park and development of properties, an increase in amounts due to related parties of RMB137.9 million, primarily reflecting an increase in refundable deposits we received from Langfang Goodman Vast Park Service, a related party, in connection with its establishment of business in Longhe Park, and a decrease in completed properties for sale of RMB79.0 million, in line with our delivery schedule of properties. For details of the refundable deposits, see "Business – Risk Management with respect to Our Industrial Town Development – Taxes Paid by Resident Enterprises in Our Industrial Town Projects". The foregoing effects were partially offset primarily by (i) increase in properties under development for sale of RMB753.8 million, primarily due to our continued property development activities, (ii) an increase in trade receivables of RMB100.2 million, primarily due to our sale of Chuangye Plaza Phase I in November 2012, and (iii) an increase in land development for sale of RMB85.0 million as we continued to develop Longhe Park.

We had a net cash generated from operating activities of RMB47.5 million in 2011, primarily resulting from operating profit before movements in working capital of RMB541.2 million, a decrease in trade receivables of RMB49.9 million, primarily because we collected a larger amount of payments from the local government for land sale in Longhe Park, and an increase in amounts due to related parties of RMB43.6 million, reflecting amounts due to Langfang Hongtai Construction Co., Ltd.* (廊坊市宏泰建設有限公司) (now known as Langfang Xinjun Construction Co., Ltd.* (廊坊新郡建設有限公司)) in connection with its construction services to us. The foregoing effects were partially offset primarily by (i) an increase in properties under development for sale of RMB222.9 million, primarily due to our continued property development activities, (ii) a decrease in trade and other payables of RMB135.7 million, primarily due to decreased advance from customers for properties development for sale as a result of our delivery of part of Mingren Garden Phase I (名人小區一期) and Foxconn City Phase I (富士康城一期), (iii) an increase in land development for sale of RMB105.9 million as we continued to develop Longhe Park, and (iv) an increase in completed properties for sale of RMB87.5 million, primarily because we completed construction of Mingren Garden Phase I (名人小區一期) and Foxconn City Phase I (富士康城一期), and only delivered a portion of the units in these projects.

Net cash (used in)/generated from investing activities

Our cash generated from investing activities during the Track Record Period primarily reflected interest income, proceeds from disposal of subsidiaries, restricted bank deposits withdrawn, repayment of amounts due from related parties and cash inflow on acquisition of the remaining equity interest in a joint venture. Our cash used in investing activities during the Track Record Period primarily reflected acquisition of property, plant and equipment, capital contribution to associates or a joint venture, acquisition of investment properties and loans to staff.

We had a net cash generated from investing activities of RMB192.6 million for the three months ended March 31, 2014, primarily resulting from restricted bank deposits withdrawn of RMB216.0 million, cash inflow on acquisition of the remaining equity interest in Langfang Goodman Vast Park Service of RMB86.0 million, and repayment of loan receivables and staff loan receivables of RMB68.6 million, the effects of which were partially offset by restricted bank deposits placed of RMB153.8 million, payment for the acquisition of investment properties of RMB34.8 million and loan receivables and staff loan receivables made of RMB10.0 million.

We had a net cash generated from investing activities of RMB67.6 million in 2013, primarily resulting from a repayment of advance to related parties of RMB696.2 million, restricted bank deposits withdrawn of RMB370.0 million and interest income received of RMB18.6 million, the effects of which were partially offset by restricted bank deposits placed of RMB652.2 million, advance to related parties of RMB173.9 million, payment for acquisition of investment properties of RMB121.7 million, and loan receivable and staff loan receivable made of RMB68.6 million.

We had a net cash used in investing activities of RMB602.1 million in 2012, primarily resulting from restricted bank deposits placed of RMB374.4 million, advance to related parties of RMB150.0 million, payment for acquisition of investment properties of RMB96.1 million and payment for investment in a joint venture of RMB94.8 million, the effects of which were partially offset by repayment of advance to related parties of RMB81.7 million, proceeds from settlement of loan receivable and staff loan receivable of RMB23.0 million and interest income received of RMB14.9 million.

We had a net cash generated from investing activities of RMB454.7 million in 2011, primarily resulting from repayment of advance to related parties of RMB585.4 million, proceeds from disposal of subsidiaries of RMB19.5 million, interest income received of RMB2.7 million, proceeds from disposal of property, plant and equipment of RMB0.4 million and the effects of which were partially offset by advance to related parties of RMB94.8 million, loan receivable and staff loan receivable made of RMB23.0 million, payment for acquisition of investment properties of RMB22.8 million and payment for investment in an associate of RMB9.8 million.

Net cash (used in) from financing activities

Our cash generated from financing activities during the Track Record Period mainly consisted of bank borrowings and other loans. Our cash used in financing activities during the Track Record Period mainly consisted of repayment of bank borrowings, other loans and amounts due to related parties.

We had a net cash used in financing activities of RMB320.2 million for the three months ended March 31, 2014, primarily resulting from repayment of bank borrowings of RMB644.3 million, repayment of other loans of RMB181.1 million and interest payment of RMB91.4 million, the effects of which were partially offset by new bank borrowings raised of RMB359.0 million and other new loans of RMB237.7 million.

We had a net cash used in financing activities of RMB177.5 million in 2013, primarily resulting from repayment of bank borrowings of RMB1,549.8 million, repayment of advance from related parties of RMB841.0 million, repayment of other loans of RMB598.3 million and interest paid of RMB294.4 million, the effects of which were partially offset by new bank borrowings raised of RMB1,555.1 million, new other loans raised of RMB1,201.2 million and advance from related parties of RMB349.9 million.

We had a net cash generated from financing activities of RMB67.1 million in 2012, primarily resulting from new bank borrowings raised of RMB1,081.3 million and new other loans raised of RMB531.0 million, the effects of which were partially offset by repayment of other loans of RMB1,138.2 million, repayment of advance from related parties of RMB425.5 million, interest paid of RMB230.6 million and repayment of bank borrowings of RMB172.0 million.

We had a net cash used in financing activities of RMB73.1 million in 2011, primarily resulting from repayment of advance from related parties of RMB964.4 million, repayment of other loans of RMB381.8 million, repayment of bank borrowings of RMB276.0 million and interest paid of RMB142.4 million, the effects of which were partially offset by new bank borrowings raised of RMB910.0 million, new other loans raised of RMB492.7 million and advance from related parties of RMB288.9 million.

Capital Expenditures

In 2011, 2012, 2013 and the three months ended March 31, 2013 and 2014, we incurred capital expenditures of RMB61.4 million, RMB306.3 million, RMB3.2 million, RMB0.2 million and RMB0.1 million, respectively. Our capital expenditures mainly relate to land cost and construction cost of investment properties and purchase cost of property, plant and equipment. The following table sets forth, for the periods indicated, our capital expenditures.

	Year ended December 31,			Three months ended March 31,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Additions in respect of investment properties	58,643	305,236	–	–	–
Additions in respect of property, plant and equipment	2,793	1,106	3,154	180	85
Total	**61,436**	**306,342**	**3,154**	**180**	**85**

We expect that our capital expenditures for the year ending December 31, 2014 will be RMB8.0 million, relating to purchases of property, plant and equipment. We plan to fund our capital expenditures for the year ending December 31, 2014 with our existing cash and bank borrowings and cash flow generated from operating activities.

Working Capital

We finance our working capital needs primarily through cash generated from operating activities and bank and other borrowings, which depends on the amount of land use rights sold by the local governments in respect of our industrial town development, the properties sold by us in respect of our property development, and our capability to obtain bank and other borrowings.

We believe that during the 12 months following date of this prospectus, there are a number of factors that may affect our working capital needs, including our development plan of industrial town projects and property projects, a potential increase in our tax obligations, and requirements to satisfy our outstanding and future debt obligations. In particular, our tax costs will significantly increase due to the change in three of our subsidiaries' tax positions from adopting the authorized tax valuation method to adopting the actual tax valuation method, the details of which are set forth in "Summary – Historical Tax Treatment", "Risk Factors – Risks Relating to Our Business and Industries – Our EIT obligations will increase, which will lead to an increase in our effective tax rate" and "Financial Information – Key Factors Affecting Our Performance – Taxation". In addition, as of June 30, 2014, our outstanding bank and other borrowings amounted to RMB3,438.4 million, of which RMB2,230.2 million was repayable on demand or within one year. Of our outstanding bank and other borrowings as of June 30, 2014, RMB1,201.7 million was made up of loans from trust fund companies, which typically charge higher interest rates than those charged by commercial banks. For details of the interest rates and payment terms of our trust fund financings, see "Financial Information – Indebtedness – Borrowings". Furthermore, on April 2, 2014, we entered into a facility agreement with Fine Process Limited, an Independent Third Party and a wholly-owned subsidiary of ICBC International Investment Management Limited, pursuant to which a loan facility of US$100.0 million was granted to us. As of the Latest Practicable Date, US$100.0 million was drawn down in full by us under this facility agreement. For details, see "Financial Information – Subsequent Events".

Taking into account the net proceeds available to us from the Global Offering, our cash and future operating cash flows, and bank and other borrowings, our Directors are satisfied, after due and careful inquiry, that we have sufficient working capital to meet our requirements for at least the next 12 months from the date of this prospectus.

Working capital management policy

In light of the fact that our industrial town and property development projects require significant initial capital outlay and have long development cycles and payback periods, we have implemented several measures to ensure the ongoing availability of sufficient working capital during our course of business:

- *Planning and monitoring of cash flow movements for each project.* We perform annual budgeting and review to ensure adequate liquidity to meet our payment obligations. We consider factors such as market demand for land in our industrial town projects and properties developed by us, land quota obtained by the local governments in respect of land developed by us, and market prices of land in the regions in which we operate to determine our working capital requirements for a given year. These factors will be monitored on a continuous basis to ascertain whether actual results are in line with our budget. Where variances occur, our management will analyze such variances and modify our plans or implement new measures accordingly. In addition, we also conduct a comprehensive review at the preliminary stage of a project and prepare a development schedule based on market demands and working capital available to us.

- *Minimization of working capital required for the development of a project.* We settle our payment obligations to contractors in accordance with construction progress which is in line with industry practice. We also closely monitor the collectability of trade receivables so as to reduce the turnover of trade receivables to ensure the adequacy of cash flows in our ordinary course of business.

- *Use of free cash.* Taking into account the use of working capital as stated above, we may also consider distributing free cash to our Shareholders in the form of dividends; and/or investing the remaining free cash in hand in short-term fixed deposits or medium-term fixed deposits.

To evaluate the effectiveness of the working capital management policy, our management will review it from time to time and adjust relevant details as and when appropriate.

NET CURRENT ASSETS

The table below sets forth, as of the dates indicated, our current assets, current liabilities and net current assets.

	As of December 31,			As of March 31,	As of June 30,
	2011	2012	2013	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets					
Land development for sale	657,341	768,747	1,024,089	1,000,450	1,073,961
Properties under development for sale	1,848,418	2,461,987	2,753,204	2,816,671	2,564,255
Completed properties for sale	128,446	49,425	403,856	405,980	505,369
Prepaid lease payments	75	75	75	75	75
Trade receivables	98,323	96,161	277,578	207,160	688,998
Prepayments and other receivables	49,098	45,537	177,643	111,365	78,250
Amounts due from related parties	49,025	453,171	7,793	5,147	140
Income tax recoverable	279	21,643	25,794	9,849	42,065
Restricted bank deposits	16,724	384,883	667,010	604,769	173,813
Bank balances and cash	523,856	115,953	420,586	266,640	696,590
Total current assets	**3,371,585**	**4,397,582**	**5,757,628**	**5,428,106**	**5,823,516**

	As of December 31,			As of March 31,	As of June 30,
	2011	2012	2013	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities					
Trade and other payables	816,382	1,407,607	1,499,428	1,259,706	1,362,616
Advance from customers for properties developed for sale	87,312	384,494	844,377	885,618	504,086
Provision for loss on land development for sale	71,433	–	–	–	–
Amounts due to related parties	503,078	541,128	86,010	44,882	3,144
Deposit received from a joint venture	–	93,949	93,949	–	–
Current tax liabilities	58,450	81,439	113,938	141,769	179,312
Bank and other borrowings	1,395,760	1,958,238	1,965,630	1,822,023	2,230,189
Warrants	225,388	17,248	–	–	–
Total current liabilities	**3,157,803**	**4,484,103**	**4,603,332**	**4,153,998**	**4,279,347**
Net current assets/ (liabilities)	**213,782**	**(86,521)**	**1,154,296**	**1,274,108**	**1,544,169**

Land Development for Sale

Land development for sale as a current asset item on our consolidated statement of financial position mainly represents the cost of land development for our industrial town projects. Even though we do not have ownership title or land use rights to the land we develop, we are authorized by the relevant PRC local governments to carry out land preparation and infrastructure construction. When the respective land parcels are sold by the local governments, we are entitled to receive fees from the local authorities, calculated with reference to a percentage of the proceeds from land sales. At the time of sale, we recognize as revenue and record the corresponding amount of land development for sale as cost of sales.

As of December 31, 2011, 2012 and 2013 and March 31, 2014, our land development for sale amounted to RMB657.3 million, RMB768.7 million, RMB1,024.1 million and RMB1,000.5 million, respectively. All of these amounts were related to and in line with our continued development of Longhe Park.

The following table sets forth, for the periods indicated, the average land development for sale turnover days.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Average land development for sale turnover days[1]	898	3,501	1,495	3,474

Note:

(1) The calculation of average land development for sale turnover days is based on the average balance of land development for sale at the beginning and closing of that year/period divided by total cost of land development for sale and multiplied by 365 days for a given year or by 90 days for a given three-month period.

Our average land development for sale turnover days were 898 days, 3,501 days, 1,495 days and 3,474 days in 2011, 2012, 2013 and the three months ended March 31, 2014, respectively. We typically conduct infrastructure construction for a relatively large size of land and subsequently conduct site clearance activities to facilitate the sale of the whole land parcel by stages, which may take place during a relatively long period of time according to our development plan. Our average land development for sale turnover days were significantly higher in 2012 as compared to 2011 and 2013, primarily as a result of a decrease in the total land size in Longhe Park sold to third parties in 2012. Our average land development for sale turnover days increased from1,495 days in 2013 to 3,474 days for the three months ended March 31, 2014, primarily because only one land parcel with a site area of 101,332 sq.m. was sold by the local government in the first quarter of 2014 according to the sale schedule. Between April 1, 2014 and June 30, 2014, an aggregate of 331,357 sq.m. of land in Longhe Park was further sold by the relevant local government for a total land premium of RMB767.1 million.

Properties under Development for Sale and Completed Properties for Sale

Properties under development in our consolidated statements of financial position are accounted for as current assets. As of December 31, 2011, 2012 and 2013 and March 31, 2014, our properties under development for sale amounted to RMB1,848.4 million, RMB2,462.0 million, RMB2,753.2 million and RMB2,816.7 million, respectively. Our properties under development for sale increased during the Track Record Period primarily due to our continued property development activities.

Completed properties for sale include our completed properties remaining unsold at each of the statement of financial position dates and are included in our consolidated statements of financial position as current assets. As of December 31, 2011, 2012 and 2013 and March 31, 2014, our completed properties for sale amounted to RMB128.4 million, RMB49.4 million, RMB403.9 million and RMB406.0 million, respectively, which primarily reflected our development schedule of properties.

The following table sets forth, for the periods indicated, the average property development for sale turnover days.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Average property development for sale turnover days[1]	1,819	3,121	5,890	3,725

Note:

(1) The calculation of average property development for sale turnover days is based on the average balance of the sum of properties under development for sale and completed properties for sale at the beginning and closing of that year/period divided by total cost of properties sold and multiplied by 365 days for a given year or by 90 days for a given three-month period.

Our average property development for sale turnover days were 1,819 days, 3,121 days, 5,890 days and 3,725 days in 2011, 2012, 2013 and the three months ended March 31, 2014, respectively. Our average property development for sale turnover days increased in 2012 as compared to 2011, primarily as a result of (i) our an increased number of properties under development as we continued to grow our property development business; and (ii) a decrease in cost of properties sold, primarily due to our decreased GFA delivered in 2012. Our average property development for sale turnover days increased in 2013 as compared to 2012, primarily as a result of (i) an increased number of properties under development as we continued to grow our property development business; and (ii) an increase in completed properties for sale from RMB49.4 million as of December 31, 2012 to RMB403.9 million as of December 31, 2013, primarily due to most of our completed properties for sale as of December 31, 2013 of Hongtai Meishuguan Phase I were pre-sold in 2013 and delivery of such properties commenced in late 2013, following the completion of this project in November 2013. Our average property development for sale turnover days decreased from 5,890 days in 2013 to 3,725 days for the three months ended March 31, 2014, primarily because (i) certain properties of Hongtai Meishuguan Phase I pre-sold in 2013 were delivered in the first quarter of 2014; and (ii) more properties were delivered in the first quarter of 2014 as a result of our marketing efforts and in line with our development schedule.

Trade Receivables

Our trade receivables primarily consist of receivables from land development for sale and receivables from properties for sale.

The following table sets forth, as of the dates indicated, our trade receivables.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables from land development for sale	80,994	11,038	202,364	167,824
Receivables from properties for sale	17,329	187,452	76,623	40,745
	98,323	198,490	278,987	208,569
Less: allowance for doubtful debts	–	–	(1,409)	(1,409)
	98,323	**198,490**	**277,578**	**207,160**
Analysis for reporting purposes as:				
Current assets	98,323	96,161	277,578	207,160
Non-Current assets	–	102,329	–	–
	98,323	**198,490**	**277,578**	**207,160**

Our trade receivables increased from RMB98.3 million as of December 31, 2011 to RMB198.5 million as of December 31, 2012, primarily due to an increase in receivables from properties for sale, mainly relating to our sale of Chuangye Plaza Phase I in November 2012, the effects of which were partially offset by a decrease in receivables from land development for sale, as a larger amount of receivables were collected by the end of 2012, primarily driven by our development schedule. Our trade receivables increased from RMB198.5 million as of December 31, 2012 to RMB277.6 million as of December 31, 2013, primarily due to an increase in receivables from land development for sale as a result of (i) the delay in payment of RMB201.1 million arising from land development for sale in Longhe Park as a result of a purchaser's delay in payment of land premium; and (ii) the fact that certain sale of land use rights occurred in December 2013 but the relevant payment was not received as of December 31, 2013, the effects of which were partially offset by a decrease in receivables from properties for sale, as a result of our collection of a portion of the net sale proceeds of Chuangye Plaza Phase I. Our trade receivables decreased from RMB277.6 million as of December 31, 2013 to RMB207.2 million as of March 31, 2014, primarily due to our collection of a portion of trade receivables arising from our sale of Chuangye Plaza Phase I (創業大廈一期) and a portion of the trade receivables arising from land development for sale in Longhe Park as a result of aforementioned purchaser's delay in payment of land premium. As a result, the aforementioned receivable of RMB201.1 million as of December 31, 2013 decreased to RMB164.9 million as of March 31, 2014, which is considered by our Directors fully recoverable. We have fully received the outstanding balance of the receivable of RMB164.9 million in July 2014. For details of such delay in payment and the recoverability of such receivable, see "Risk Factors – Risks Relating to Our Business and Industries – We do not decide on the exact timing of the sale of land use rights in the industrial town projects we develop; the selling price of such land use rights is subject to market factors through the public auction, tender or listing for sale process; and the percentage of fees payable to us may fluctuate due to changes in the relevant law, regulation or government policy" and "Business – Risk Management with respect to Our Industrial Town Development – Payment by the Local Governments".

The following table sets forth, as of the dates indicated, an aged analysis of our trade receivables (net of allowance for doubtful debts).

	As of December 31,			As of March 31,
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Neither overdue nor impaired	80,994	195,368	74,997	40,756
Past due but not impaired:				
91 to 180 days	–	–	201,067	–
181 to 365 days	17,129	–	–	164,890
1–2 years	200	2,922	–	–
2–3 years	–	200	1,514	–
Over 3 years	–	–	–	1,514
	98,323	**198,490**	**277,578**	**207,160**

Receivables that were neither past due nor impaired primarily relate to (i) receivable in connection with land development for sale, and (ii) receivable from the local government of Anci District of Langfang, Hebei province relating to its purchase of the whole building of Phase I of Chuangye Plaza developed by us in 2012. Based on past experience, our management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. In respect of the sale of the whole building of Phase I of Chuangye Plaza to the local government of Anci District of Langfang, Hebei province, the total receivable as of December 31, 2013 and March 31, 2014 was RMB73.7 million and RMB35.3 million, respectively. Such receivables are paid by installments after such local government receives the land premium arising from sale of residential and commercial land in Longhe Park. As such, the timetable for us to receive the remaining receivable of RMB35.3 million as of March 31, 2014 depends on the sale of residential and commercial land in Longhe Park, which is in turn driven by our marketing efforts and development plan. Based on the current sale progress of residential and commercial land in Longhe Park, we believe that the portion of land sale proceeds to be received by the local government in 2014 will be sufficient to cover the remaining receivable of RMB35.3 million as of March 31, 2014. We expect to fully recover such amount by the end of 2014. As of March 31, 2014, our trade receivables past due over 181 days but less than 365 days were RMB164.9 million arising from land development for sale in Longhe Park as a result of a purchaser's delay in payment of land premium, which are expected to be fully recoverable. As of March 31, 2014, our trade receivables past due over three years were RMB1.5 million, representing the amount due from a purchaser of our properties pending completion of the relevant property title certificates. Such receivable of RMB1.5 million has been settled in June 2014.

Our management monitors the recoverability of overdue trade receivables, and, when there is objective evidence that we may not be able to collect, provides for impairment of these trade receivables. As of December 31, 2011, 2012 and 2013 and March 31, 2014, our allowance for doubtful debts was nil, nil, RMB1.4 million and RMB1.4 million, respectively. Further details in relation to our trade and other receivables are set out in Note 26 to the Accountants' Report.

The following table sets forth, for the periods indicated, the average trade receivables turnover days.

	Year ended December 31,			Three months ended March 31,
	2011	**2012**	**2013**	**2014**
Average trade receivable turnover days[(1)]				
– Land development	59	180	38	96
– Property development.	8	103	271	38
Overall	**37**	**116**	**72**	**70**

Note:

(1) The calculation of average trade receivable turnover days is based on the average balance of trade receivables at the beginning and closing of that year/period divided by total sales and multiplied by 365 days for a given year or by 90 days for a given three-month period.

Our average trade receivable turnover days for land development were 59 days, 180 days, 38 days and 96 days in 2011, 2012, 2013 and the three months ended March 31, 2014, respectively. Such fluctuation was primarily due to a lower amount of fee income recognized as revenue from land development for sale in 2012. Our average trade receivable turnover days for land development increased from 38 days in 2013 to 96 days for the three months ended March 31, 2014, primarily because only one land parcel with a site area of 101,332 sq.m. was sold by the local government in the first quarter of 2014 according to the sale schedule, despite the fact that the balance of our trade receivable for land development as of March 31, 2014 decreased as compared to December 31, 2013.

Our average trade receivable turnover days for property development were 8 days, 103 days, 271 days and 38 days in 2011, 2012, 2013 and the three months ended March 31, 2014, respectively. Such fluctuation was primarily due to our sale of Chuangye Plaza Phase I in November 2012, resulting in a larger amount of trade receivables for property development at the end of 2012, a portion of which was collected in 2013 and further in the first quarter of 2014. Without taking into consideration the trade receivables for property development in respect of our sale of Chuangye Plaza Phase I, our average trade receivable turnover days for property development would be 10 days, 5 days and 2 days in 2012, 2013 and the three months ended March 31, 2014, respectively.

As a result of the foregoing factors, our overall average trade receivable turnover days were 37 days, 116 days, 72 days and 70 days in 2011, 2012, 2013 and the three months ended March 31, 2014, respectively.

Prepayment and Other Receivables

Our prepayment and other receivables primarily consist of prepayments for construction activities, taxes, loan receivables, staff loan receivables and others.

The following table sets forth, as of the dates indicated, our prepayment and other receivables.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments:				
– Prepayments for construction activities	5,811	7,569	9,773	9,205
– Prepayments for taxes	5,479	25,043	59,093	57,694
– Others	–	–	–	243
Other receivables:				
– Loan receivables	20,000	–	68,568	10,000
– Staff loan receivables	3,000	–	–	–
– Staff advances	5,979	4,223	4,268	7,368
– Deposit receivables	5,508	6,164	11,688	12,085
– Receivable from disposal of a subsidiary	–	–	10,000	–
– Others	26,478	26,306	27,876	28,393
Less: allowance for other receivables	(13,623)	(13,623)	(13,623)	(13,623)
	58,632	55,682	177,643	111,365
Analysis for reporting purposes as:				
Current assets	49,098	45,537	177,643	111,365
Non-current assets	9,534	10,145	–	–
	58,632	**55,682**	**177,643**	**111,365**

Our prepayment and other receivables slightly decreased from RMB58.6 million as of December 31, 2011 to RMB55.7 million as of December 31, 2012, primarily due to a decrease in loan receivables of RMB20.0 million in 2012, the effects of which were partially offset by an increase of RMB19.6 million in prepayments for taxes in 2012 primarily reflecting our increased taxes prepaid on the pre-sale of our properties. Our prepayment and other receivables increased from RMB55.7 million as of December 31, 2012 to RMB177.6 million as of December 31, 2013, primarily due to loan receivables of RMB68.6 million from third parties in 2013 which was fully settled in the first quarter of 2014, and an increase of RMB34.1 million in prepayments for taxes in 2013 primarily reflecting our increased taxes prepaid on the pre-sale of our properties. Our prepayment and other receivables decreased from RMB177.6 million as of December 31, 2013 to RMB111.4 million as of March 31, 2014, primarily due to a decrease in loan receivables from RMB68.6 million as of December 31, 2013 to RMB10.0 million as of March 31, 2014, reflecting the full settlement of the loan receivables of RMB68.6 million in the first quarter of 2014, the effects of which were partially offset by new loan receivables incurred of RMB10.0 million as of March 31, 2014.

Bank Balances and Restricted Bank Deposits

Our restricted bank deposits are required primarily as guarantees for (i) bank facilities and (ii) bank deposits pledged for mortgage loans granted by the banks to the purchasers of our properties.

The following table sets forth, as of the dates indicated, our bank balances and restricted bank deposits.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits, bank balances and cash in hand	540,580	500,836	773,356	871,409
Less:				
– Deposits pledged for banking facilities	–	(370,000)	(647,923)	(581,923)
– Deposits pledged for guarantees granted to customers	(16,724)	(14,883)	(19,087)	(22,846)
Short-term deposit	–	–	314,240	–
Cash and cash equivalents	**523,856**	**115,953**	**420,586**	**266,640**
Cash at bank and cash in hand denominated in:				
– RMB (functional currency of the relevant entities)	539,619	497,152	769,042	836,109
– US$	961	960	4,136	32,387
– HK$	–	2,724	178	2,913
Total	**540,580**	**500,836**	**773,356**	**871,409**

Our restricted bank deposits increased from RMB16.7 million as of December 31, 2011 to RMB384.9 million as of December 31, 2012, to RMB667.0 million as of December 31, 2013, and further to RMB604.8 million as of March 31, 2014, primarily due to our increased bank facilities secured by such restricted bank deposits.

Advance from Customers

Advance from customers primarily relates to pre-sale proceeds of our properties. Our advance from customers increased from RMB87.3 million as of December 31, 2011 to RMB384.5 million as of December 31, 2012, to RMB844.4 million as of December 31, 2013, and further to RMB885.6 million as of March 31, 2014, primarily due to our increased pre-sales of properties. In particular, our advance from customers significantly increased as of December 31, 2013, primarily due to our pre-sale of units of Hongtai Longdi (宏泰龍邸) and Hongtai Meishuguan (宏泰美樹館) in 2013, which were not delivered in 2013 yet. Our advance from customers of RMB885.6 million as of March 31, 2014 was primarily due to our pre-sale of units in Hongtai Longdi Phase I (宏泰龍邸一期), Yulong Bay Phase I (Plot A4) (御龍灣一期) (A4地塊) and Hongtai Meishuguan Phase I (宏泰美樹館一期).

Trade and Other Payables

Trade and other payables primarily relate to (i) trade payables, (ii) investment properties construction cost payable, (iii) refundable deposits received from interested parties for potential investments in the land developed by us, the details of which are set forth in "Business – Risk Management with respect to Our Industrial Town Development – Taxes Paid by Resident Enterprises in Our Industrial Town Projects", (iv) advance from government, (v) other taxes payable and other payables, (vi) accrued expense, (vii) deposit received, (viii) payable for the acquisition of the remaining equity interest in Langfang Goodman Vast Park Service, and (ix) accrued listing expenses. Our Directors confirm that we did not have any material defaults in payment of trade and non-trade payables during the Track Record Period.

The following table sets forth, as of the dates indicated, our trade and other payables.

	As of December 31,			As of March 31,
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade payables	573,417	945,846	1,117,814	932,056
Investment properties construction cost payable	58,659	264,158	147,773	112,959
Refundable deposits	97,758	93,993	114,779	24,075
Advance from government	39,732	39,732	39,732	39,732
Other taxes payable	25,540	36,481	44,199	13,790
Other payables	15,254	17,991	17,991	28,479
Accrued expense	245	–	4,526	37
Deposit received	5,777	9,406	12,614	9,697
Payable for the acquisition of the remaining equity interest in the joint venture	–	–	–	91,553
Accrued listing expense	–	–	–	7,328
Total	**816,382**	**1,407,607**	**1,499,428**	**1,259,706**

Our trade and other payables increased from RMB816.4 million as of December 31, 2011 to RMB1,407.6 million as of December 31, 2012, primarily reflecting an increase of RMB372.4 million in trade payables and an increase of RMB205.5 million in investment properties construction cost payable, primarily due to our increased payables to third-party contractors as a result of our continuing development of Longhe Park and development of investment properties. Our trade and other payables were RMB1,499.4 million as of December 31, 2013, which was relatively stable as compared to RMB1,407.6 million as of December 31, 2012. Our trade and other payables decreased from RMB1,499.4 million as of December 31, 2013 to RMB1,259.7 million as of March 31, 2014, primarily reflecting (i) a decrease of RMB185.8 million in trade payables as driven by our payment schedule to contractors in our industrial town development business and property development business, (ii) a decrease of RMB90.7 million in refundable deposits on land development activities, primarily reflecting our refund of such deposits to certain third parties which have purchased land use rights in Longhe Park, (iii) a decrease in other taxes payables of RMB30.4 million, primarily reflecting our payment of business tax in the first quarter of 2014, and (iv) a decrease in investment properties construction cost payable of RMB34.8

million, primarily representing our payment of construction costs to China Construction Second Engineering Bureau Ltd.* (中國建築第二工程局有限公司) which was in line with our payment schedule for construction of Phase II of SME Entrepreneurial Base (中小企業創業基地二期), the effects of which were partially offset by payable of RMB91.6 million for the acquisition of the remaining equity interest in Langfang Goodman Vast Park Service whereas no similar payable was recorded as of December 31, 2013. Such payable of RMB91.6 million for the acquisition of the remaining equity interest in Langfang Goodman Vast Park Service was fully settled in May 2014.

The following table sets forth, as of the dates indicated, an aging analysis of trade payables.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Less than one year	335,829	604,824	742,056	688,290
1-2 years	103,399	202,938	284,239	122,685
2-3 years	71,772	34,146	50,242	46,878
Over 3 years	62,417	103,938	41,277	74,203
	573,417	**945,846**	**1,117,814**	**932,056**

As of June 30, 2014, 16.6% of the aggregate of trade payables and investment properties construction cost payable of RMB1,045.0 million as of March 31, 2014, had been settled subsequently.

The following table sets forth, for the periods indicated, the average trade payables turnover days.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
Average trade payable turnover days(1)				
– Land development	366	1,545	621	1,135
– Property development	261	619	1,371	811
Overall	**301**	**823**	**954**	**893**

Note:

(1) The calculation of average trade payable turnover days is based on the average balance of trade payable at the beginning and closing of the year divided by total cost of sales for that year/period and multiplied by 365 days for a given year or by 90 days for a given three-month period.

The relatively long average trade payable turnover days for our land development and property development were primarily because our contractors were typically paid according to milestones in construction and the construction periods of our projects were relatively long. Our average trade payable turnover days for land development were 366 days, 1,545 days and 621 days in 2011, 2012 and 2013, respectively, primarily due to a lower cost of sales recognized in 2012 as compared to 2011 and 2013. Our average trade payable turnover days for land development increased from 621 days in 2013 to 1,135 days for the three months ended March 31, 2014, primarily because only one land parcel with a site area of 101,332 sq.m. was sold by the local government in the first quarter of 2014 according to the sale schedule, despite the fact that the balance of our trade payables for land development as of March 31, 2014 decreased as compared to December 31, 2013.

Our average trade payable turnover days for property development were 261 days, 619 days and 1,371 days in 2011, 2012 and 2013, respectively, primarily because we commenced construction of a number of property projects in 2012 and 2013. These projects include Hongtai Meishuguan Phase I (宏泰美樹館一期) and Longhe Hi-Tech Industrial Park – Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)) in 2012, and Electronic Information Industrial Park in Longhe Park Phase I (廊坊龍河高新區電子信息產業園一期) and Hongtai Meishuguan Phase II (宏泰美樹館二期) in 2013. Our average trade payable turnover days for property development decreased from 1,371 days in 2013 to 811 days for the three months ended March 31, 2014, primarily because (i) more properties were delivered in the first quarter of 2014 as a result of which the associated cost of sales was recognized; and (ii) the balance of our trade payables for property development as of March 31, 2014 decreased as compared to December 31, 2013.

As a result of the foregoing factors, our overall average trade payable turnover days were 301 days, 823 days, 954 days and 893 days in 2011, 2012, 2013 and the three months ended March 31, 2014, respectively.

Current Tax Liabilities

As of December 31, 2011, 2012 and 2013 and March 31, 2014, our current tax liabilities were RMB58.5 million, RMB81.4 million, RMB113.9 million and RMB141.8 million, respectively. By netting the amount of our current tax liabilities of RMB141.8 million against the income tax recoverable of RMB9.8 million, our net current tax liabilities as of March 31, 2014 was RMB131.9 million. The amount of our net current tax liabilities of RMB131.9 million, in turn, represents the sum of (i) the balance of our net current tax liabilities of RMB88.1 million as of December 31, 2013 which was offset by our payment of income tax and land appreciation tax of RMB24.9 million in the three months ended March 31, 2014, and (ii) income tax and land appreciation tax of RMB68.7 million incurred during the same period. Further, the balance of our net current tax liabilities of RMB88.1 million as of December 31, 2013 was fully settled by our payments of income tax and land appreciation tax, among which RMB24.9 million was paid in the three months ended March 31, 2014, RMB45.5 million was paid in the month of May 2014, and the remaining balance in July 2014.

Related Party Transactions and Balances

As of December 31, 2011, 2012 and 2013 and March 31, 2014, the amounts due from related parties were RMB353.1 million, RMB453.2 million, RMB7.8 million and RMB5.1 million, respectively, all of which were non-trade balances. Such amounts due from related parties were denominated in RMB, unsecured and interest-free. All such amounts due from related parties have been fully settled as of the date of this prospectus.

The following table sets forth, as of the dates indicated, a breakdown of the amounts due from related parties.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related				
– Mr. Wang Jianjun	70,290	95,153	–	–
– Ms. Zhao Ying	–	–	–	92
– Profit East	37	37	37	38
	70,327	95,190	37	130
Fellow subsidiaries/company under significant influence of Mr. Wang Jianjun	77	80	–	–
Mr. Wang Jianhai and a company controlled by him	206,687	228,645	64	–
Ms. Wang Wei and companies controlled by her	73,336	81,630	4,783	2,453
Associates:				
– Langfang Shengshi Credit & Warrant Co., Ltd.* (廊坊市盛世信用擔保有限公司)	1,500	1,500	1,500	1,500
– Langfang Huayuan Shengshi Heating Co., Ltd.* (廊坊市華源盛世熱力有限公司)	832	832	832	864
– Langfang Kaichuang Jiahua Investment Co., Ltd.* (廊坊市凱創嘉華投資有限公司)	177	–	77	–
– Langfang Kaihong Furniture Mart Company Limited* (廊坊市凱宏家居廣場有限公司)	–	44,314	–	–
	2,509	46,646	2,409	2,364
A member of senior management	144	980	500	200
Total	**353,080**	**453,171**	**7,793**	**5,147**

As of December 31, 2011, 2012 and 2013 and March 31, 2014, the amounts due to related parties were RMB503.1 million, RMB541.1 million, RMB86.0 million and RMB44.9 million, respectively. The trade related balances during the Track Record Period were in connection with construction services received from related parties. As of December 31, 2011, 2012 and 2013 and March 31, 2014, the deposits received from a joint venture were nil, RMB94.0 million, RMB94.0 million and nil, respectively, in connection with the land development service provided by our Group to Langfang Goodman Vast Park Service. We purchased the remaining 50% equity interest in Langfang Goodman Vast Park Service in the first quarter of 2014, as a result of which Langfang Goodman Vast Park Service is a wholly-owned subsidiary of our Group as of the Latest Practicable Date.

The following table sets forth, for the periods indicated, a breakdown of the amounts due to related parties.

	As at December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related				
Mr. Wang Jianjun	192,428	190,600	41,091	–
A company controlled by Mr. Wang Jianhai	113,741	49,572	–	–
Ms. Wang Wei and companies controlled by her	16,337	54,506	–	40
Fellow subsidiaries	53,757	62,130	–	–
Associates:				
– Langfang Shengshi Credit & Warrant Co., Ltd. (廊坊市盛世信用擔保有限公司)	30,906	30,906	40,957	40,906
– Langfang Kaichuang Jiahua Investment Co., Ltd. (廊坊市凱創嘉華投資有限公司)	–	15,000	–	–
	30,906	45,906	40,957	40,906
Subtotal	**407,169**	**402,714**	**82,048**	**40,946**
Trade related				
A company controlled by Mr. Wang Jianhai	91,666	127,117	–	–
A fellow subsidiary	4,243	4,361	–	–
An associate	–	6,936	3,962	3,936
Subtotal	**95,909**	**138,414**	**3,962**	**3,936**
Amounts due to related parties	**503,078**	**541,128**	**86,010**	**44,882**
Deposit received from a joint venture	–	93,949	93,949	–
Subtotal	**503,078**	**635,077**	**179,959**	**44,882**

We expect to settle and discontinue, except for transactions with Langfang Huayuan Shengshi Heating Co., Ltd., all the related party transactions prior to the Listing. For details as to the related party transactions during the Track Record Period, see Note 42(b) to the Accountants' Report in Appendix I to this prospectus.

INDEBTEDNESS

Borrowings

Our outstanding bank and other borrowings as of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014 were RMB2,684.8 million, RMB2,988.6 million, RMB3,393.1 million, RMB3,152.6 million and RMB3,438.4 million, respectively. Our Directors confirm that there is no material change in our indebtedness position since June 30, 2014, and our Group had no material defaults in payment of bank borrowings during the Track Record Period.

	As of December 31,			As of March 31,	As of June 30,
	2011	2012	2013	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Bank loans					
Secured/guaranteed	996,000	1,904,680	1,908,153	1,622,821	1,154,727
Other loans					
Secured/guaranteed	1,061,091	734,650	1,126,004	1,054,520	1,912,909
Unsecured	627,719	349,285	358,959	475,213	370,754
	2,684,810	**2,988,615**	**3,393,116**	**3,152,554**	**3,438,390**
Total borrowings are repayable as follows:					
– Repayable on demand or within one year	1,395,760	1,958,238	1,965,630	1,822,023	2,230,189
– Repayable over 1 year and within 2 years	468,702	562,381	391,452	650,990	621,221
– Repayable over 2 years and within 5 years	556,748	279,028	812,632	521,541	466,980
– Repayable over 5 years	263,600	188,968	223,402	158,000	120,000
	2,684,810	2,988,615	3,393,116	3,152,554	3,438,390
Less: Amounts due within one year shown under current liabilities	(1,395,760)	(1,958,238)	(1,965,630)	(1,822,023)	(2,230,189)
Amounts shown under non-current liabilities	**1,289,050**	**1,030,377**	**1,427,486**	**1,330,531**	**1,208,201**
Floating rate borrowings	1,839,219	2,495,285	2,186,568	1,733,335	1,160,342
Fixed rate borrowings	845,591	493,330	1,206,548	1,185,003	2,042,580
Interest-free borrowing	–	–	–	234,216	235,468
	2,684,810	**2,988,615**	**3,393,116**	**3,152,554**	**3,438,390**
Bank and other borrowings denominated in:					
– RMB	2,005,750	2,687,206	2,762,875	2,918,338	2,625,625
– US$	679,060	205,729	630,241	234,216	812,765
– HK$	–	95,680	–	–	–
	2,684,810	**2,988,615**	**3,393,116**	**3,152,554**	**3,438,390**

Our total outstanding bank loans and other borrowings increased by RMB303.8 million, or 11.3%, from RMB2,684.8 million as of December 31, 2011 to RMB2,988.6 million as of December 31, 2012, further by RMB404.5 million, or 13.5%, to RMB3,393.1 million as of December 31, 2013, primarily due to the increased funding needs to finance our land and property development. Our total outstanding bank loans and other borrowings decreased by RMB240.5 million, or 7.1%, from RMB3,393.1 million as of December 31, 2013 to RMB3,152.6 million as of March 31, 2014, and then increased by RMB285.8 million, or 9.1%, from RMB3,152.6 million as of March 31, 2014 to RMB3,438.4 million as of June 30, 2014.

The effective interest rates per annum of floating rate borrowings ranged from 5.4% to 10.3%, 5.8% to 11.4%, 2.9% to 11.7%, 5.9% to 7.8% and 6.3% to 8.6% as of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014, respectively. The effective interest rates per annum of fixed rate borrowings ranged from 5.4% to 11.8%, 6.6% to 11.80%, 6.6% to 17.2%, 5.5% to 17.2% and 5.5% to 24.6% as of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014, respectively.

As of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014, all of our outstanding bank borrowings were secured by our assets with an aggregate carrying amounts of RMB968.7 million, RMB1,674.2 million, RMB2,186.6 million, RMB1,846.6 million and RMB1,434.8 million, respectively, a summary of which is set forth below:

	As of December 31,			As of March 31,	As of June 30,
	2011	**2012**	**2013**	**2014**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**
Properties under development for sale	767,429	1,120,112	1,344,881	1,069,962	1,163,190
Investment properties	201,266	184,072	193,764	194,670	121,600
Restricted bank deposits	–	370,000	647,923	581,923	150,000
	968,695	**1,674,184**	**2,186,568**	**1,846,555**	**1,434,790**

As of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014, RMB1,061.1 million, RMB734.7 million, RMB1,126.0 million, RMB1,054.5 million and RMB1,912.9 million, respectively, of our other loans were secured or guaranteed.

The following table sets forth a breakdown of our secured/guaranteed other loans.

	As of December 31,			As of March 31,	As of June 30,
	2011	2012	2013	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Loans from trust fund companies	–	–	937,604	934,120	1,201,712
Loans from other third parties	369,500	335,950	137,400	69,400	660,197
Loans from related parties	148,000	203,000	51,000	51,000	51,000
Restructured loans	543,591	195,700	–	–	–
	1,061,091	**734,650**	**1,126,004**	**1,054,520**	**1,912,909**

Loans from trust fund companies

As of June 30, 2014, our total outstanding balance of loans from trust fund companies was RMB1,201.7 million, for our development of industrial town projects and property projects including the following trust fund loans:

- In February 2013, we entered into an agreement with a trust fund company in the PRC, pursuant to which the trust fund company agreed to contribute RMB300.0 million to our subsidiary, Langfang Honghao Investment, as a capital injection. Subsequent to this capital injection, the registered capital of Langfang Honghao Investment increased from RMB320.0 million to RMB620.0 million and 48.4% equity interest of Langfang Honghao Investment was held by the trust fund company accordingly. According to the agreement, we agree to repurchase and the trust fund company agrees to sell the 48.4% equity interest in Langfang Honghao Investment either at a cash consideration of RMB390.0 million at the end of a 24-month term or at a cash consideration of RMB439.5 million at the end of a 36-month term, at our sole discretion. We have drawn down the amount of RMB300.0 million in full on April 12, 2013, carrying an effective interest rate of 17.20% per annum after taking into consideration the initial transaction costs of RMB16.1 million. Since the trust fund company is not entitled to any profit distributions, but only receives fixed interest income from Langfang Honghao Investment, the transaction as a whole has been treated as a loan granted to us with a two-year term. Based on this, taking into account the fact that we can still exercise control over Langfang Honghao Investment, as well as the compulsory repurchase arrangement under the agreement, Langfang Honghao Investment is treated as our wholly-owned subsidiary in accordance with the relevant requirements under IFRS. As of March 31, 2014 and June 30, 2014, such loan was also secured by (i) the remaining 51.6% equity interest held by us in Langfang Honghao Investment, and (ii) our certain properties under development for sale with an aggregate carrying amount of RMB216.7 million. As of December 31, 2013, such loan was jointly guaranteed by Mr. Wang Jianjun and Ms. Zhao Ying, whereas that guarantee was released in the first quarter of 2014.

- In June 2013, we entered into a loan agreement with another trust fund company in the PRC, pursuant to which we obtained a loan of RMB300.0 million with a two-year term at an effective interest rate of 9.04% per annum, after taking into consideration the initial transaction costs of RMB9.0 million. This trust loan was secured by our certain investment properties with an aggregate carrying amount of RMB523.7 million, RMB528.1 million and RMB532.0 million as of December 31, 2013, March 31, 2014 and June 30, 2014, respectively. In December 2013, we entered into an additional loan agreement with this trust fund company, pursuant to which we obtained a loan of RMB328.3 million with a three-year term at an effective interest rate of 5.535% per annum. As of March 31, 2014 and June 30, 2014, this trust loan was secured by our certain properties under development for sale with an aggregate carrying amount of RMB143.6 million.

- In June 2014, we entered into an agreement with another trust fund company in the PRC, pursuant to which the trust fund company agreed to contribute RMB300.0 million to our subsidiary, Langfang Shoukai Sheng Shi Investment. RMB60.0 million was recorded as the registered capital and RMB240.0 million as the capital reserve of Langfang Shoukai Sheng Shi Investment, respectively. Subsequent to this capital injection, the registered capital of Langfang Shoukai Sheng Shi Investment increased from RMB102.0 million to RMB162.0 million and accordingly, the trust fund company held 37.04% equity interest of Langfang Shoukai Sheng Shi Investment. According to the agreement, we have agreed to repurchase, and the trust fund company has agreed to sell, the 37.04% equity interest in Langfang Shoukai Sheng Shi Investment at the end of 24 months following completion of the capital injection if we can provide additional pledged assets to the trust fund company within six months following completion of the capital injection. In the event that we fail to provide the additional pledged assets within the agreed time period, we are required to repurchase the 37.04% equity interest in Langfang Shoukai Sheng Shi Investment at the end of 12 months following the capital injection. Pursuant to the terms of this agreement, we are required to pay the initial transaction costs of RMB37.9 million plus an interest expense of RMB21.3 million each year to the trust fund company. In the event that we repurchase the 37.04% equity interest of Langfang Shoukai Sheng Shi Investment at the end of either the 24 months or 12 months period following completion of the capital injection, the total cash outflow for such repurchase shall be the sum of the principal amount of RMB300.0 million, the initial transaction costs of RMB37.9 million and any applicable interest to be paid.

  Since the trust fund company is not entitled to any profit distributions and only receives fixed interest income from Langfang Shoukai Sheng Shi Investment, the transaction as a whole has been treated as a loan granted to us with a one-year term. Based on this, taking into account the fact that we can still exercise control over Langfang Shoukai Sheng Shi Investment, as well as the compulsory repurchase arrangement under the agreement, Langfang Shoukai Sheng Shi Investment is treated as our wholly-owned subsidiary in accordance with the relevant requirements under IFRS. The amount of RMB300.0 million was fully drawn down on June 27, 2014. This amount is secured by the remaining 62.96% equity interest held by us in Langfang Shoukai Sheng Shi Investment and also guaranteed by Langfang City Property. The transaction as a whole has been treated as a loan granted to us with a one-year term and the relevant effective interest rate is calculated as 24.61% per annum; in comparison, if we can provide additional pledged assets to the trust fund company within six months following completion of the capital injection, the transaction as a whole will be treated as a loan with a term of 24 months and the relevant effective interest rate is to be calculated as 15.48% per annum. The difference in the effective interest rates is primarily due to the significant initial transaction costs of RMB37.9 million which was incurred at the inception of the transaction.

The additional pledged assets consist of new land use rights which we plan to obtain in Longhe Park in the future. Our Directors are of the view that we may not be able to provide additional pledged assets to the trust fund company within six months following completion of the capital injection. For prudent reason, our Directors have evaluated and determined our future working capital requirements on the basis that the trust financing transaction is treated as a loan granted to us with a one-year term.

Our PRC legal advisor, Jingtian & Gongcheng, has advised that the aforementioned trust loan agreements are in compliance with applicable PRC laws.

Loans from other third parties and related parties

As of June 30, 2014, our total outstanding balance of secured loans from other third parties was RMB660.2 million, consisting of the following:

- Loans from other third parties of RMB81.6 million, which were borrowed from non-financial institutions in the PRC with borrowing terms ranging from one to five years bearing interest at rates ranging from 5.94% to 7.20% per annum and were secured by the total assets of Langfang Sheng Shi Construction, and our economic interest to be generated during the term of the Longhe Agreement for the development of Longhe Park; and

- A loan of US$100.0 million drawn down under the facility agreement entered into by the Company with Fine Process Limited on April 2, 2014, the details of which are set forth in "– Subsequent Events".

As of June 30, 2014, the total outstanding balance of our unsecured loans from other third parties was RMB121.3 million, carrying interest rates ranging from 6.50% to 7.20% per annum, and was repayable on demand. We took out these loans primarily to finance our development of Longhe Park.

As of June 30, 2014, the total outstanding balance of our secured loans from a related party was RMB51.0 million. Such loans from a related party were repayable on demand and secured by our properties under development for sale with a carrying amount of RMB88.0 million. The interest rate of such loan ranged from 7.8% to 8.7% per annum as of June 30, 2014. As of June 30, 2014, the total outstanding balance of our unsecured loan from a related party was RMB14.0 million, carrying an interest rate of 8.53% per annum, and was repayable on demand. We took out these loans to primarily finance our development of property projects. We intend to fully settle the outstanding balances of such borrowings prior to the Listing.

As of June 30, 2014, we also had an outstanding loan from Profit East of US$38.3 million (equivalent to approximately RMB235.5 million) which was unsecured, non-interest bearing and repayable on demand. Such loan will be fully settled prior to Listing by way of capitalization. For further details, see "History, Development and Reorganization – Capitalization of Loan, Capitalization Issue and Global Offering".

Our PRC legal advisor, Jingtian & Gongcheng, has advised us with respect to the aforementioned loans from third parties and related parties that (i) the requirements under the PRC Lending General Provisions (貸款通則) do not apply to the loans from Fine Process Limited and Profit East as the entities involved in these two loans are not enterprises incorporated in the PRC and (ii) according to the PRC Lending General Provisions (貸款通則), the aforementioned loans from third parties and related parties (except the loans from Fine Process Limited and Profit East) are inter-company loans not permitted under the PRC Lending General Provisions (貸款通則), and a penalty of an amount equal to one to five times of the illegal income generated from such lending may be imposed on the lender but that we, as the borrower, would not be subject to any penalties or claims for such loans borrowed from third parties and related parties. We do not intend to borrow similar inter-company loans that are not permitted under the PRC Lending General Provisions (貸款通則) after the Listing.

Restructured loans

As of June 30, 2014, we did not have any restructured loans. For details of our restructuring of loans from CDH and OCBC, see "History, Development and Reorganization – Historical Investments by CDH and OCBC".

Restrictive Covenants

We are subject to restrictive covenants in trust loan agreements entered into with certain trust companies, among others, that (i) the purpose of the proceeds is restricted to the development of particular projects, and the proceeds shall not be invested into the securities or debt markets, (ii) if we intend to act as a guarantor for the debt of a third party and the amount of guarantee exceeds 70% of our net assets for the year, we are required to obtain the prior written consent of the relevant trust company, and (iii) we may not enter into merger, acquisition, joint venture or restructuring, commence liquidation or bankruptcy proceedings without the relevant trust company's prior written consent or unless we fully settle the outstanding amounts under the relevant trust loan agreements. In addition, our bank loans typically include cross default clause and requirements of certain financial ratios. Pursuant to the subscription agreement for the Exchangeable Bonds, we agreed to certain financial and restrictive covenants, the details of which are set out in "History, Development and Reorganization – Investment by Our Pre-IPO Investor", as long as the Exchangeable Bonds are outstanding. The Exchangeable Bonds will be exchanged into Shares of our Company immediately prior to the completion of the Global Offering.

Based on the terms of the trust loan agreements and the subscription agreement for the Exchangeable Bonds, our Directors believe that there is no material impact on our ability to undertake additional debt or equity financing. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we have complied with all the restrictive covenants in the trust loan agreements we entered into with certain trust companies.

COMMITMENTS

Capital Commitments

As of December 31, 2011, 2012 and 2013 and March 31, 2014, we had the following capital commitments:

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for				
Expenditure in respect of land development for sales	63,406	62,746	57,456	59,111
Expenditure in respect of investment properties under construction	133,985	12,215	–	–
Expenditure in respect of properties under development for sale	1,333,308	821,783	783,565	625,975
	1,530,699	**896,744**	**841,021**	**685,086**

Our capital commitments will be actually incurred in accordance with the development progress of our projects. As of March 31, 2014, our capital commitments were primarily related to our development of Longhe Park and development of property projects including Hongtai Longdi (宏泰龍邸), Yulong Bay (御龍灣小區) and Hongtai Meishuguan (宏泰美樹館). We believe we will be able to settle our commitments by using funds from a combination of sources including internal cash, bank loans and proceeds from the Global Offering.

Operating Lease Commitments

We lease certain properties for our office premises, with leases negotiated for typically one to ten years. We had total future minimum lease payments under non-cancellable operating leases that are payable as follows.

	As of December 31,			As of March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,046	2,080	5,647	5,647
In the second to the fifth year, inclusive	7,682	6,257	17,583	16,171
After the fifth year	983	328	–	–
	10,711	**8,665**	**23,230**	**21,818**

CONTINGENT LIABILITIES

Our contingent liabilities are primarily (i) guarantees we provide to PRC banks and a non-financial institution in respect of the mortgage loans provided by the banks and a non-financial institution to purchasers of our properties, (ii) a guarantee provided to a bank in respect of bank facilities granted to an Independent Third Party, and (iii) a guarantee provided to a bank in respect of bank facilities granted to an associate.

	As of December 31,			As of March 31,	As of June 30,
	2011	2012	2013	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Mortgage loan guarantees provided by the Group to banks and a non-financial institution in favor of its customers	343,840	386,479	412,201	438,196	451,192
Guarantee provided to a bank in respect of banking facilities granted to an Independent Third Party	100,000	–	–	–	–
Guarantee provided to a bank in respect of a banking facility granted to an associate	–	–	235,000	235,000	235,000
	443,840	**386,479**	**647,201**	**673,196**	**686,192**

The guarantees we provide to PRC banks and a non-financial institution in respect of the mortgage loans provided by the banks and a non-financial institution to purchasers of our properties are typically released upon receiving the building ownership certificate of the relevant properties by the banks and a non-financial institution from the customers as a pledge for security to the mortgage loans granted. As of December 31, 2011, 2012 and 2013, March 31, 2014 and June 30, 2014, the outstanding mortgage loan guarantees provided by us in favor of purchasers of our properties were RMB343.8 million, RMB386.5 million, RMB412.2 million, RMB438.2 million and RMB451.2 million, respectively. We believe that in case of default on mortgage loan payments by purchasers, the net realizable value of the underlying properties would exceed the outstanding mortgage principal together with the accrued interest and penalty. During the Track Record Period, we have not encountered defaults by purchasers that, in aggregate, had a material adverse effect on our financial conditions and results of operations. Our Directors are of the view that the fair value of these guarantees is not significant.

As of December 31, 2013, March 31, 2014 and June 30, 2014, we provided a guarantee of RMB235.0 million for Langfang Kaihong Furniture Mart Company Limited* (廊坊市凱宏家居廣場有限公司) to support its property development in Longhe Park.

As of December 31, 2013, March 31, 2014 and June 30, 2014, save as disclosed above, we had not guaranteed the indebtedness of any Independent Third Parties. Our Directors confirm that there has not been any material adverse change in our contingent liabilities since June 30, 2014.

SUBSEQUENT EVENTS

We recorded revenue and gross profit of approximately RMB1,353.4 million and RMB684.8 million for the six months ended June 30, 2014, respectively, which were extracted from our unaudited condensed consolidated interim financial statements for the same period prepared by our Directors in accordance with IAS 34 "Interim Financial Reporting", which have been reviewed by Deloitte Touche Tohmatsu, the reporting accountants of our Company in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The gross profit margin and net profit attributable to shareholders of the Company for the six months ended June 30, 2014 was negatively affected, primarily due to (i) a change in revenue composition as a result of the increased percentage of sales of properties; (ii) an increase in finance costs as a result of increased borrowings for our business; and (iii) a significant increase in tax expenses during the period as a result of the adoption of the actual taxation method by three of our subsidiaries in 2014. For risks associated with our historical tax treatment, see "Risk Factors – Risks Relating to Our Business and Industries – Our EIT obligations will increase, which will lead to an increase in our effective tax rate" on page 54. We expect the net profit attributable to shareholders of the Company for the six months ended June 30, 2014 would be lower as compared to the same period in 2013.

On April 2, 2014, we entered into a facility agreement with Fine Process Limited, an Independent Third Party and a wholly-owned subsidiary of ICBC International Investment Management Limited, pursuant to which a loan facility of up to US$100.0 million (equivalent to approximately RMB615.3 million as of June 30, 2014) was granted by Fine Process Limited to us. The principal terms of this facility agreement include purpose of the facility, conditions of utilization, interest, prepayment and repayment terms, as well as other covenants and undertakings given by our Company. This loan, unless otherwise approved by Fine Process Limited, shall be applied to (i) repay the whole or part of our intergroup loan, (ii) pay to Fine Process Limited an upfront fee of US$2.0 million, and (iii) pay all costs and expenses reasonably incurred by us in connection with the Listing. The term of this loan is two years from the date the loan is drawn down and the effective interest rate of the loan is 15.76% per annum after taking into consideration the initial transaction costs of approximately RMB13.1 million. Interest on the loan is to be paid in advance every six months commencing from the drawdown date. We shall repay an amount which reduces the outstanding loans by US$10.0 million (or such higher amount with Fine Process Limited's prior written consent) on the date falling 12 months after the first drawdown date and the aggregate loan in full on the date falling 24 months after the first drawdown date (or the date falling 36 months after the first draw date if the term is extended with the written consent for such extension of the settlement term from Fine Process Limited in accordance with this facility agreement) in the case that the loan has not been prepaid. This loan facility is jointly guaranteed by Mr. Wang Jianjun and Ms. Zhao Ying, and secured by our pledge of equity interest in certain subsidiaries, the value of which shall be maintained at a level of at least 250% of principal amount of the then outstanding loan. As of the Latest Practicable Date, US$100.0 million was drawn down in full by us under this facility agreement.

So long as any portion of this loan remains outstanding, we must also comply with certain financial covenants which require us to maintain (i) a ratio of our consolidated total net debt to our consolidated assets of no greater than 85%; (ii) a ratio of our consolidated total net debt to our Consolidated EBITDA (as defined in the facility agreement) in respect of any Relevant Period of no greater than three times; (iii) a ratio of our Consolidated EBITDA to our consolidated finance charges in respect of any Relevant Period of not less than two times; (iv) our consolidated net profit after tax in respect of each Relevant Period of not less than RMB800,000,000; and (v) our consolidated revenues in respect of each Relevant Period of no less than RMB2,200,000,000. For the purpose of these financial covenants, "**Relevant Period**" means (a) with respect to paragraphs (i) to (v) above , each period of 12 months ending on the last day of our Group's financial year and (b) with respect to paragraphs (i) and (iii) only, each period of 6 months ending on the last day of the first half of our Group's financial year. In addition to these financial covenants, the facility agreement also contains affirmative and negative undertakings that, among other things, limit or restrict our ability to create or permit to subsist security over our assets, sell or transfer assets, enter into amalgamations or mergers, make acquisitions and investments, make loans, incur debt, pay dividends or make other payments in respect of our stock, in each case, subject to certain qualifications and exceptions. There are no specific provisions under this facility agreement requiring us to obtain consent from Fine Process Limited with regard to the Global Offering. In the case of our breach of any financial covenants or undertakings, Fine Process Limited has the right to call all or part of the outstanding loan together with accrued interest and other amounts accrued or outstanding thereunder immediately as well as the right to exercise any or all of its rights under the security documents. As of the Latest Practicable Date, our Directors were not aware of any breaches in the financial covenants or undertakings under the facility agreement.

On June 26, 2014, we entered into an agreement with a trust fund company in the PRC, pursuant to which the trust fund company agreed to contribute RMB300.0 million to our subsidiary, Langfang Shoukai Sheng Shi Investment. For details, see "– Indebtedness – Borrowings – Loans from trust fund companies" in this section.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, except as disclosed in this "Financial Information" section and intra-group liabilities and normal trade payables, we did not have any outstanding loan capital issued or agrees to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to various types of financial risks in the ordinary course of our business, including market risk (consisting of interest rates and foreign exchange rates), credit risk and liquidity risk.

Credit Risk

Our credit risk is primarily attributable to our trade receivables, other receivables, amounts due from related parties, bank balances and restricted bank deposits. In particular, we are exposed to credit risk of late or non-payment of land premium by purchasers of land use rights to industrial towns developed by us. For details, see "Risk Factors – Risks Relating to Our Business and Industries – We are exposed to credit risk of late or non-payment of land premium by purchasers of land use rights over industrial towns developed by us".

As of December 31, 2011, 2012 and 2013 and March 31, 2014, 82%, 6%, 73% and 81%, respectively, of the trade receivables came from fee income derived from land development for sale and there is concentration of risk as these receivables would be settled through the local government to us. Our management considers that the credit risk is low as land development for sale is sold through public auction, tender or listing for sale process to qualified land buyers, whose qualifications are verified by the local government. With respect to credit risk on other receivables and amounts due from related parties, and a trade receivable in respect of sale of Chuangye Plaza Phase I to an entity controlled by a local government authority, our management continuously monitors the credit and financial condition of our debtors to ensure that timely follow-up action is taken to recover overdue debts. Our management considers that our credit risk in this regard is significantly reduced. With respect to our credit risk on bank balances and restricted bank deposits, we believe such risk is limited because the bank balances and restricted bank deposits are maintained with large commercial banks or other financial institutions in China with sound credit ratings.

Liquidity Risk

We finance our working capital through funds generated from operations and bank and other borrowings. Our management reviews our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor our liquidity requirements in the short and longer terms.

Foreign Currency Risk

Substantially all of our revenue and expenses are denominated in Renminbi. Subsequent to this offering, a depreciation of Renminbi would adversely affect the value of any dividends we pay to our offshore Shareholders. In addition, we are subject to foreign exchange risk on cash and cash equivalents denominated in currencies other than Renminbi. Depreciation of the RMB against foreign currencies can increase our liabilities denominated in foreign currencies. We currently do not have a foreign currency hedging policy. Our obligations under these transactions may be secured by cash or other collateral. Because Renminbi is not freely convertible, our ability to reduce the foreign exchange risk is limited. Please refer to "Risk Factors – Risks Relating to Conducting Business in the PRC – Fluctuations in exchange rates and governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively."

Interest Rate Risk

Our interest rate risk arises primarily from cash and cash equivalents and banks and other borrowings with variable interest rates. We do not anticipate a significant impact on cash and cash equivalents because we do not expect the interest rates of our bank deposits to change significantly. We do not carry out any hedging activities to manage our interest rate exposure.

If interest rates on our borrowings were 100 basis points lower (without considering further decreases in interest rates on restricted bank deposits and bank balances) and all other variables were held constant, the sensitivity analysis of such a shift in our net profit, after taking into account the interest capitalization effect, is set forth below.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Increase in net profit for the year/period	7,957	8,638	7,621	1,400

If interest rates on our restricted bank deposits and bank balances were 50 basis points higher, our borrowings were 100 basis points higher and all other variables were held constant, the sensitivity analysis of such a shift in our net profit, after taking into account the interest capitalization effect, is set forth below.

	Year ended December 31,			Three months ended March 31,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Decrease in net profit for the year/period	(5,571)	(6,249)	(2,615)	(572)

DIVIDEND POLICY

Subject to the Companies Law and our Memorandum and Articles of Association, through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. The determination to pay dividends will be made at the discretion of our Board and will be based on our earnings, cash flow, financial condition, capital requirements, statutory fund resource requirements and other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and financing agreements that we may enter into in the future. We cannot guarantee when, if and in what form dividends will be paid in the future.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a Share in advance of calls may for this purpose be treated as paid up on the Share; and (ii) all dividends must 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 other monies payable to any of our shareholders or in respect of any Shares all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

DISTRIBUTABLE RESERVES

As of March 31, 2014, our Company had an accumulated loss position of RMB16.8 million, thus our Company's distributable reserves was nil.

LISTING EXPENSES

During the Track Record Period, we incurred expenses in connection with the Global Offering in an amount of RMB21.5 million, of which RMB4.7 million and RMB16.8 million was accounted for as part of our other expenses for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively. Between March 31, 2014 and completion of the Global Offering, we expect to incur additional listing expenses of RMB50.7 million, of which an estimated amount of RMB22.5 million will be recognized as our other expenses and an estimated amount of RMB28.2 million will be recognized directly in equity.

ACCUMULATED LOSS AS OF JANUARY 1, 2011

We recorded accumulated loss of RMB894.0 million as of January 1, 2011, resulting from (i) finance costs of RMB417.1 million incurred by us in connection with the historical investments by CDH and OCBC; (ii) accumulated loss of RMB432.3 million from our industrial town development business; (iii) accumulated loss of RMB98.3 million from our property development business; and (iv) gain on fair value change of the investment properties of RMB53.7 million. The significant accumulated loss arising from industrial town development business as of January 1, 2011 was primarily due to an unrealized gain of RMB327.0 million on land development activities that was deferred arising from our acquisition of land use rights to certain residential and commercial land in Longhe Park for the development of property projects. Such transactions are considered intra-group transactions, and therefore the unrealized gain of RMB327.0 million was deferred and released to the profit or loss when the revenue from our sale of the relevant property projects was recognized. In addition, as Longhe Park was still at the early development stage then at that time we focused on sales of industrial lands to first attract large-scale renowned industry players to acquire land sites designated for industrial use. As the selling price of industrial lands is relatively lower as compared to that of residential or commercial lands, we incurred losses at the early stage of the development of industrial town projects.

KEY FINANCIAL RATIOS

The following table sets forth, for the period indicated, the key financial ratios of our Group.

	As of/Year ended December 31,			As of/Three months ended March 31,
	2011	2012	2013	2014
Current ratio(1)	1.1	1.0	1.3	1.3
Quick ratio(2)	0.2	0.2	0.3	0.3
Return on assets(3)	14.0%	4.2%	11.3%	6.4%(7)
Return on equity(4)	N/A	N/A	109.4%	48.8%(7)
Gearing ratio(5)	64.1%	54.5%	50.2%	49.7%
Net debt to equity ratio(6)	N/A	N/A	330.3%	246.6%

Notes:

(1) The calculation of current ratio is based on current assets divided by current liabilities.

(2) The calculation of quick ratio is based on current assets less the sum of completed properties for sale, properties under development for sale and land development for sale divided by current liabilities.

(3) The calculation of return on assets is based on net profit divided by total assets and multiplied by 100%.

(4) The calculation of return on equity is based on net profit divided by total equity and multiplied by 100%.

(5) The calculation of gearing ratio is based on total borrowings divided by total assets and multiplied by 100%.

(6) The calculation of net debt to equity ratio is based on net debt divided by total equity and multiplied by 100%. Net debt represents total interest-bearing debt net of bank balance and cash and restricted bank deposits.

(7) Calculated on an annualized basis.

Current Ratio

Our current ratio remained relatively stable at 1.1, 1.0, 1.3 and 1.3 as of December 31, 2011, 2012 and 2013 and March 31, 2014, respectively.

Quick Ratio

Our quick ratio remained relatively stable at 0.2, 0.2, 0.3 and 0.3 as of December 31, 2011, 2012 and 2013 and March 31, 2014, respectively.

Return on Assets

Our return on assets was 14.0%, 4.2%, 11.3% and 6.4% for the years ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014, respectively. The lower return on assets in 2012 and the three months ended March 31, 2014 was primarily due to our lower net profit recorded in the respective periods.

Return on Equity

Our return on equity was not meaningful for the years ended December 31, 2011 and 2012, primarily because we had a negative total equity in each of these years, which was due to accumulated losses in previous years prior to the Track Record Period in early stage of our development of industrial town projects. In particular, we recorded accumulated loss of RMB894.0 million as of January 1, 2011. Our return on equity decreased from 109.4% for the year ended December 31, 2013 to 48.8% for the three months ended March 31, 2014, primarily due to lower net profit recorded in the first quarter of 2014.

Gearing Ratio

Our gearing ratio was 64.1%, 54.5%, 50.2% and 49.7% as of December 31, 2011, 2012 and 2013 and March 31, 2014, respectively. The decrease from December 31, 2011 to December 31, 2012 was primarily due to increased assets as a result of increases in properties under development for sale and pre-sales. The decrease from December 31, 2012 to December 31, 2013 was primarily due to increased assets as a result of our increased land development for sale and cash balances. Our gearing ratio remained relatively stable as of December 31, 2013 and March 31, 2014.

Net Debt to Equity Ratio

As of December 31, 2011 and 2012, our net debt to equity ratio was not applicable as our equity was negative as of the respective dates. As of December 31, 2013 and March 31, 2014, our net debt to equity ratio was 330.3% and 246.6%, respectively.

NO MATERIAL ADVERSE CHANGE

There was no interruption in our business that may have or has had a significant effect on our financial condition in the last 12 months. Our Directors are not aware of any material adverse change in our financial or trading position since March 31, 2014 (being the date as of which our latest consolidated financial statements were prepared as set out in the Accountants' Report of our Group in Appendix I to the prospectus).

Our Directors confirmed that we have not experienced any withdrawal of banking facilities, requests for early payment of outstanding bank loans or increase in the amount of pledge(s), cancellation or orders, bankruptcy or default of customers or suppliers which have had a material adverse impact on our business operations.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which, had they been required to comply with Rules 13.13 to 13.19 of the Hong Kong Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, as valued by Savills as of May 31, 2014 were approximately RMB5,452.4 million. For further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by Savills, see "Appendix III – Property Valuation Report" to this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us as of May 31, 2014 and such property interests in our consolidated statement of financial position as of March 31, 2014 as required under Rule 5.07 of the Hong Kong Listing Rules is set forth below.

	RMB in millions
Net book value of the following properties as of March 31, 2014	
– Buildings included in property, plant and equipment	26.7
– Properties under development for sale	2,816.7
– Completed properties held for sales	406.0
– Investment properties	735.0
Movements for the period from April 1, 2014 to May 31, 2014[1]	53.0
Net book value as of May 31, 2014	4,037.4
Net valuation surplus	1,415.0
Market value of properties as of May 31, 2014 as set out in the property valuation report in Appendix III to this prospectus	**5,452.4**

Note:

(1) Movements for the period from April 1, 2014 to May 31, 2014 represented RMB96.0 million of costs incurred for construction of properties under development, partially offset by sales of completed properties of RMB42.8 million and depreciation of buildings included in property, plant and equipment of RMB0.2 million.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is based on the consolidated net tangible assets derived from the financial information of the Group as of March 31, 2014, as set out in Appendix I to this prospectus and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as of March 31, 2014(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)	
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB)	(HK$)
Based on an Offer Price of HK$2.75 per Share	830.1	671.7	1,501.8	0.94	1.18
Based on an Offer Price of HK$3.75 per Share	830.1	923.7	1,753.8	1.10	1.38

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of March 31, 2014 is based on the consolidated net assets of the Group of RMB830.1 million as extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 328,000,000 Shares at the Offer Price of HK$2.75 and HK$3.75 per Share, respectively, after deduction of the underwriting fees and other related expenses to be incurred by us. No account has been taken of the Shares which may be issued pursuant to any exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.7959 to HK$1.00, which was the PBOC rate prevailing on August 1, 2014. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at after the adjustments as described in note 2 and on the basis of a total of 1,593,671,642 Shares (including Shares in issue as of the date of this prospectus, Shares to be issued pursuant to the Capitalization Issue without taking into account the effect of the Capitalization of Loan, and Shares to be issued pursuant to the Global Offering, but excluding Shares that may be issued upon the exercise of the Over-allotment Option). The unaudited pro forma adjusted consolidated net tangible assets per Share in Renminbi is converted to Hong Kong dollars at the exchange rate of RMB0.7959 to HK$1.00, which was the PBOC rate prevailing on August 1, 2014. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to March 31, 2014, in particular, the unaudited pro forma adjusted consolidated net tangible assets has not been adjusted for the effect of the Capitalization of Loan of which a loan in the sum of US$38,270,000 (approximately equal to RMB236,482,000) advanced to our Group by Profit East during the three months ended March 31, 2014 shall be capitalized by the issue of 100 Shares of our Company to Profit East. Had the Capitalization of Loan been taken into account by adjusting US$38,270,000 (approximately equal to RMB236,482,000) to the Group's unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company, the unaudited pro forma adjusted consolidated net tangible assets per Share would be increased to HK$1.37 and HK$1.56 based on the Offer Price of HK$2.75 per Share and HK$3.75 per Share respectively which is arrived at on the basis of a total of 1,600,000,000 Shares (including Shares in issue as of the date of this prospectus, Shares to be issued pursuant to the Capitalization Issue and Capitalization of Loan and Shares to be issued pursuant to the Global Offering, but excluding Shares that may be issued upon the exercise of the Over-allotment Option). US dollars amount is converted to Renminbi at an exchange rate of US$1.00 to RMB6.1793 and Renminbi amount is converted to Hong Kong dollars at an exchange rate of RMB0.7959 to HK$1.00, which were the PBOC rates prevailing on August 1, 2014. No representation is made that US dollars have been, could have been or may be converted to Renminbi amounts, or vice versa, at that rate or at all, and no representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

(5) The buildings included in property, plant and equipment and prepaid lease payments of the Group were valued by Savills Valuation and Professional Services Limited and the valuation report in respect of which is set out in Appendix III to this prospectus. According to the valuation report, such property interests of the Group as at May 31, 2014 amounted to approximately RMB68.5 million, while the aggregate carrying amount of the buildings included in property, plant and equipment and prepaid lease payments of the Group as at May 31, 2014 amounted to approximately RMB28.2 million. Had such property interests been stated at revaluation, additional annual depreciation and amortization of approximately RMB2.5 million will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state the property interests at cost model.

FUTURE PLANS

See the section headed "Business – Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$3.25 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$1,002.1 million. We currently intend to apply such net proceeds for the following purposes:

- approximately 65%, or HK$651.4 million, will be used for the development of our current industrial town projects under co-operation agreements with the relevant local governments, including land preparation and infrastructure construction. The planned allocation of this portion of the net proceeds among our industrial town projects is as follows:

Industrial town projects	Percentage of proceeds
• Longhe Park	30%
• Longhe Resort	20%
• Guangyang Park	10%
• Chuzhou Park	5%

- approximately 10%, or HK$100.2 million, will be used for the development of potential industrial town projects. We intend to focus our development of industrial town projects in the Beijing-Tianjin-Hebei region and further identify potential opportunities in urban areas within the "Two Horizontal and Three Vertical Urbanization Plan" (兩橫三縱城市戰略佈局). For details of the "Two Horizontal and Three Vertical Urbanization Plan", see "Industry Overview – Industrial Town Development in the PRC – The Trend of Modern Urbanization and Industrial Towns." As of the Latest Practicable Date, we had not identified or committed to develop any definitive industrial town projects;

- approximately 15%, or HK$150.3 million, will be used to finance the development of potential residential and commercial properties, including acquisition of land use rights and construction of properties. We intend to develop potential residential and commercial properties in or near our industrial town projects to capture synergies from our industrial towns, Save as disclosed in this prospectus, as of the Latest Practicable Date, we had not identified any definitive development target; and

- approximately 10%, or HK$100.2 million, of the net proceeds to be used for our general corporate and working capital purposes.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering would increase to approximately HK$1,156.4 million (based on the mid-point Offer Price of HK$3.25 per Share). We intend to apply the additional net proceeds to the above uses in the proportions stated above.

If the Offer Price is determined at the highest point of the stated range, the net proceeds to our Company would be increased by approximately HK$158.3 million. If the Offer Price is determined at the lowest point of the stated range, the net proceeds to our Company would be decreased by approximately HK$158.3 million. The above allocation of the net 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 mid-point of the indicative Offer Price range stated in this prospectus.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

In the event that any of our projects does not proceed as planned, including as a result of circumstances such as changes in government policies that would render any of our projects not commercially viable, or force majeure, our Directors will carefully evaluate the situation and may reallocate such funds for other purposes.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited

CITIC Securities Corporate Finance (HK) Limited

ICBC International Securities Limited

CCB International Capital Limited

DBS Asia Capital Limited

First Shanghai Securities Limited

GF Securities (Hong Kong) Brokerage Limited

Celestial Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis on the terms and conditions set out in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed among the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 32,800,000 Hong Kong Public Offer Shares and the International Offering of initially 295,200,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Over-allotment Option in the case of the International Offering.

RESTRICTIONS ON THE OFFER SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his or her acquisition of the Hong Kong Public Offer Shares to, confirm that he or she is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 32,800,000 Hong Kong Public Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions set out in this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Public Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and the conditions set out in this prospectus, the related 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, becoming unconditional and not having been terminated.

Grounds for Termination of the Hong Kong Underwriting Agreement

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors shall be entitled by notice (orally or in writing) to our Company to terminate this Agreement with immediate effect:

(a) there develops, occurs, exists or comes into effect:

(i) any 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 infectious 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) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, Japan, Singapore or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in 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 any of the Relevant Jurisdictions; 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 Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) 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 European Union (or any member thereof), Japan, Singapore or any other Relevant Jurisdiction, 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

(v) 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 authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any proceedings of any third party being threatened or instigated against any member of the Group; or

(ix) an executive 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

(x) the chairman or chief executive officer of our Company vacating his office; or

(xi) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any executive Director; or

(xii) a contravention by any member of the Group of the Hong Kong Listing Rules or applicable Laws; or

(xiii) a prohibition on our Company or any of the Controlling Shareholders for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the Over-allotment Option shares) pursuant to the terms of the Global Offering; or

(xiv) 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 Hong Kong Listing Rules or any other applicable laws; or

(xv) the issue or requirement to issue by our Company of any supplement or amendment to the Hong Kong Prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Hong Kong Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

(xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(xvii) an order or petition for the winding up of any member of the Group 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 any resolution for the winding-up of any member of the Group 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 anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators and the Joint Sponsors:

(A) 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

(B) 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 dealings in the Offer Shares in the secondary market; or

(C) 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

(D) 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 or delaying 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 and the Joint Sponsors:

(i) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements or other marketing documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements or other marketing documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (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 the Hong Kong Prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements or other marketing documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) that, as a result of market conditions or otherwise, any order placed by any investor immediately before the Price Determination Agreement has been entered into has been withdrawn or cancelled, and the Joint Global Coordinators and the Joint Sponsors, in their sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(iv) any 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) in any material respect; or

(v) any event, act or omission which gives or is likely to give rise to any liability of any of the Company, the Controlling Shareholders or Mr. Wang pursuant to the indemnities given by the Company, the Controlling Shareholders or Mr. Wang under the Hong Kong Underwriting Agreement; or

(vi) 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 Group; or

(vii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by the Company, the Controlling Shareholders or Mr. Wang in the Hong Kong Underwriting Agreement; or

(viii) approval by the Listing Committee of the Hong Kong 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

(ix) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(x) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawal of its consent to being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents.

Undertakings

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further shares or securities convertible into our equity securities 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 in certain circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, each of our Controlling Shareholders has undertaken to the Hong Kong Stock Exchange and us that, save as disclosed in this prospectus and except pursuant to the Global Offering and the Over-allotment Option or the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the Hong Kong Listing Rules:

(a) in the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those shares or securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the First Six-month Period 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 or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling Shareholder of our Company.

In addition, in accordance with Note 3 to Rule 10.07 of the Hong Kong Listing Rules, each of our Controlling Shareholders has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any of the shares or of other securities of the Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such shares or other securities so pledged or charged; and

(b) when it receives any indication, either verbal or written, from any pledgee or chargee of any of the shares or of other securities of the Company pledged or charged that such shares or other securities will be disposed of, immediately inform us of any such indication.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) and disclose such matters by way of an announcement which is published in accordance with the Hong Kong Listing Rules.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Capitalization of Loan, the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option) and unless in compliance with the requirements of the Hong Kong Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-Month Period**"), we shall not and shall procure that the members of our Group will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(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 encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any shares or other securities of such other member of our 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 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), 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), except where such transaction is made solely among members of our Group; 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 Shares or any other securities of the Company or any shares or other securities of such other member of our 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 our Group, as applicable or any interest in any of the foregoing); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above or offer to or agree to or announce any intention to effect any transaction specified in (a) or (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention of our Company to enter into the transaction described in (a), (b) or (c) above;

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of the Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of shares or such other securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period ("**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in our Shares or any other securities of our Company or any other securities of the Company. The Controlling Shareholders and Mr. Wang undertake to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure the Company to comply with the undertakings above.

Undertakings by the Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement

Each of our Controlling Shareholders has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save as disclosed in this prospectus and pursuant to the Global Offering and the Stock Borrowing Agreement, without the prior written consent of (i) all of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) for the First Six-Month Period (as defined above) and the Second Six-Month Period (as defined above) or (ii) CCB International Capital Limited for the remaining two-year period during the Three-year Period (as defined below), and unless in compliance with the requirements of the Hong Kong Listing Rules, it will not, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is three years from the Listing Date (the "**Three-year 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 any other securities of our Company 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 (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 the Shares or any other securities of our 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 (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares will be completed within the Three-year Period).

Other Undertakings

Pursuant to a deed of undertaking dated August 11, 2014 executed by Chance Talent in favour of the Company, the Joint Sponsors, the Joint Global Coordinators and the other Underwriters, Chance Talent has undertaken to the Company, the Joint Sponsors, the Joint Global Coordinators and the other Underwriters that,

(1) it will comply with all applicable restrictions and requirements under the Hong Kong Listing Rules (if any) on the disposal by it or by any registered holder on its behalf, of any Shares or other securities of the Company in respect of which it is, or is shown in this prospectus to be, the beneficial owner (directly or indirectly);

(2) at any time during the period commencing on the date hereof and ending on the date which is six months from the Listing Date (the "**Lock-up Period**"), it will not directly or indirectly, and will procure that none of the companies controlled by it or any nominee or trustee holding in trust for it shall,

   (i) sell, accept subscription for, 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 any other securities of the Company 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 other securities of the Company, as applicable),

   (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 the Shares or any 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 any other securities of the Company), or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or

(iv) contract to or agree to or publicly announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally but not jointly, agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offering Shares.

Under the International Underwriting Agreement, our Company intends to grant to the International Underwriters the Over-allotment Option, exercisable by the Underwriters' Representatives (for and on behalf of the International Underwriters) for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, to require us to issue an aggregate of 49,200,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These additional Shares will be sold at the Offer Price per Offer Share (plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of, among other things, covering over-allocations, if any, in the International Offering.

Commissions and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, if any, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant International Underwriters or their affiliates (but not the Hong Kong Underwriters). In addition, at the discretion of our Company, the Hong Kong Underwriters may also receive an incentive fee up to 0.5% of the aggregate Offer Price.

Assuming an Offer Price of HK$3.25 per Offer Share (being the midpoint of the indicative offer price range of HK$2.75 to HK$3.75 per Offer Share), the aggregate commissions and maximum incentive fees, together with the Hong Kong Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expense relating to the Global Offering, are estimated to amount to approximately HK$91.0 million (assuming that the Over-allotment Option is not exercised) in total.

The commission and expenses were determined after arm's length negotiations between the Company and the Hong Kong Underwriters by reference to the current market conditions.

Indemnity

We, Mr. Wang and our Controlling Shareholders, have agreed to indemnify the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers and Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests

Chance Talent, upon Listing, will be a Shareholder of our Company. Chance Talent is wholly-owned by CCBI Investments, an affiliate of CCB International Capital Limited which is the Joint Global Coordinator, Joint Bookrunner, Joint Lead Manager and Underwriter of the Global Offering.

On April 2, 2014, we entered into a facility agreement with Fine Process Limited, an Independent Third Party and a wholly-owned subsidiary of ICBC International Investment Management Limited. ICBC International Investment Management Limited is an affiliate of ICBC International Capital Limited which is the Joint Global Coordinator and Joint Bookrunner of the Global Offering, and an affiliate of ICBC International Securities Limited which is the Joint Lead Manager and Underwriter of the Global Offering. Except as disclosed in this prospectus and except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or in any of our subsidiaries or has any right, legally enforceable or not, to subscribe for or to nominate persons to subscribe for our securities or securities of any of our subsidiaries.

Following completion of the Global Offering, the Underwriters and their affiliates may hold a certain portion of our Shares in connection with the performance of their obligations under the Underwriting Agreements.

Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Hong Kong Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offering of initially 32,800,000 Shares (subject to adjustment as mentioned below) (representing 10% of the initial total number of Offer Shares) in Hong Kong as described in the paragraph headed "The Hong Kong Public Offering" of this section; and
- the International Offering of initially 295,200,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) (representing 90% of the initial total number of Offer Shares) (a) in the United States with QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in the International Offer Shares under the International Offering, but may not do both.

Morgan Stanley Asia Limited, CLSA Limited, ICBC International Capital Limited and CCB International Capital Limited are the Joint Global Coordinators of the Global Offering. Morgan Stanley Asia Limited, CLSA Limited, ICBC International Capital Limited, CCB International Capital Limited, DBS Asia Capital Limited, First Shanghai Securities Limited and GF Securities (Hong Kong) Brokerage Limited are the Joint Bookrunners, and Morgan Stanley Asia Limited, CLSA Limited, ICBC International Securities Limited, CCB International Capital Limited, DBS Asia Capital Limited, First Shanghai Securities Limited, GF Securities (Hong Kong) Brokerage Limited and Celestial Securities Limited are the Joint Lead Managers for the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation and, in the case of the International Offering only, the Over-allotment Option as described below in the paragraph headed "Over-Allotment and Stabilization" of this section.

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 (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting."

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Under the Hong Kong Public Offering, our Company is initially offering 32,800,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing 10% of the total number of Shares initially available under the Global Offering. Subject to reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Public Offer Shares will represent approximately 2.1% of our Company's enlarged issued share capital immediately after completion of 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 and 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 paragraph headed "Conditions of the Hong Kong Public Offering" of this section.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Hong Kong Public Offer Shares in the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) 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;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements 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 respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than Thursday, August 21, 2014.

If, for any reason, the Offer Price is not agreed on or before Thursday, August 21, 2014 between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), 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 and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in China Daily (in English) and the Hong Kong Economic Times (in Chinese) on the next Business Day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in "How to Apply for the Hong Kong Public Offer Shares." In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Monday, August 25, 2014 provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for termination of the Hong Kong Underwriting Agreement" has not been exercised.

Allocation

Allocation of Hong Kong Public Offer 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 Public Offer Shares validly applied for by applicants. Such allocation 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 Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for the Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Public 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 16,400,000 Hong Kong Public Offer Shares (being 50% of the 32,800,000 Hong Kong Public Offer Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public

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 as further described below:

- 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 32,800,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;
- If the number of the 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 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 98,400,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- If the number of the 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 131,200,000 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 increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 164,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

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. If either the Hong Kong Public Offering or the International Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making 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, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$3.75 per Hong Kong Public Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Hong Kong Public Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing of the Global Offering" of this section below, is less than the maximum price of HK$3.75 per Hong Kong Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for the Hong Kong Public Offer Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Shares offered

Subject to reallocation as described above, the International Offering will consist of 295,200,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering, assuming that the Over-allotment Option is not exercised. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 18.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. 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. 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 of the Global Offering" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and 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 it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-allotment Option to the International Underwriters, exercisable by the Underwriters' Representatives (for and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Underwriters' Representatives (for and on behalf of the International Underwriters) have the right, exercisable at any time from the day on which trading of the Shares commences on the Hong Kong Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to 49,200,000 additional Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover, among other things, over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 3.1% of our enlarged 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.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the 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.

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 Monday, August 18, 2014, and in any event on or before Thursday, August 21, 2014, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$3.75 per Offer Share and is expected to be not less than HK$2.75 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **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.**

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range that 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 case, our Company will, as soon as practicable following the decision to make any 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, cause there to be published in China Daily (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the

Hong Kong Stock Exchange at **www.hkexnews.hk** and the Company at **www.vastiud.com**, an announcement, or a supplemental prospectus (as appropriate), in connection with such reduction. Upon issue of such an announcement or supplemental prospectus (as appropriate), the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. **Applicants should have regard to the possibility that any announcement or supplemental prospectus (as appropriate) in connection with any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.** Such announcement or supplemental prospectus (as appropriate) will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information contained in the announcement or supplemental prospectus (as appropriate)) be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement or supplemental prospectus (as appropriate) and all unconfirmed applications will not be valid. In the absence of any such notice or supplemental prospectus (as appropriate) published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting fees, brokerage, SFC transaction levy, the Hong Kong Stock Exchange trading fees and estimated expenses payable by our Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$843.8 million, assuming an Offer Price per Offer Share of HK$2.75, or approximately HK$1,160.4 million, assuming an Offer Price per Offer Share of HK$3.75.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Hong Kong Public Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Friday, August 22, 2014, in the manner set out in the paragraph "How to Apply for the Hong Kong Public Offer Shares – Publication of results" in this prospectus.

OVER-ALLOTMENT AND 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 market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

Morgan Stanley Asia Limited has been appointed by us as the Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, or any person acting for it to conduct any such stabilizing action. 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 must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares which may be made available upon exercise of the Over-allotment Option, being 49,200,000 Shares, which is 15% of the Shares initially available under the Global Offering.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(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 the 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 the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(v) selling or agreeing to sell any of our 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 paragraphs (ii), (iii), (iv) or (v) above.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager or any person acting for it, which may include a decline in the market price of the Shares.

Stabilization cannot be used to support the price of the Shares for longer than the stabilization period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on Wednesday, September 17, 2014. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager or any person acting for it, may not necessarily result in the market share of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing Manager or any person acting for it may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager (on behalf of the Joint Global Coordinators) may choose to borrow Shares from Shareholders of our Company under stock borrowing arrangements, or acquire Shares from other sources, including the exercise of the Over-allotment Option.

Morgan Stanley & Co. International plc will enter into the Stock Borrowing Agreement with Profit East, one of the Controlling Shareholders, whereby Morgan Stanley & Co. International plc may borrow Shares from Profit East on the following conditions:

(a) the stock borrowing will only be effected for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares borrowed from Profit East will be limited to 49,200,000 Shares, being the maximum number of Shares which may be allotted and issued by the Company upon full exercise of the Over-allotment Option;

(c) the same number of Shares borrowed from Profit East must be returned to it or its nominees (as the case may be) no later than the three Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full and the Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or (iii) such earlier time as may be agreed in writing between Profit East and Morgan Stanley & Co. International plc;

(d) the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

(e) no payments will be made to Profit East by Morgan Stanley & Co. International plc in relation to such stock borrowing arrangement.

The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. The Stock Borrowing Arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Hong Kong Listing Rules provided that it complies with the requirements set forth in Rule 10.07(3) of the Hong Kong Listing Rules. No payment will be made to Profit East by Morgan Stanley & Co. International plc or its agent in relation to such stock.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, August 25, 2014, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Monday, August 25, 2014.

The Shares will be traded in board lots of 1,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offering Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **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 Public 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 under the U.S. Securities Act); 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 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 their discretion and on any conditions they think 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 **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Hong Kong Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or president of the Company and/or any of its subsidiaries;
- a connected person (as defined in the Hong Kong Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- an associate or a close associate (both as defined in the Hong Kong Listing Rules) 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 PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk.**

For Hong Kong Public 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 between 9:00 a.m. on Wednesday, August 13, 2014 until 12:00 noon on Monday, August 18, 2014:

(i) any of the following offices of the Hong Kong Underwriters and Joint Lead Managers:

Hong Kong Underwriters and Joint Lead Managers	Address
Morgan Stanley Asia Limited	46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
CLSA Limited	18/F, One Pacific Place, 88 Queensway, Hong Kong
ICBC International Securities Limited	37/F, ICBC Tower, 3 Garden Road, Hong Kong
CCB International Capital Limited	12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong
DBS Asia Capital Limited	17/F, The Center, 99 Queen's Road Central, Hong Kong
First Shanghai Securities Limited	19/F, Wing On House, 71 Des Voeux Road Central, Hong Kong
GF Securities (Hong Kong) Brokerage Limited	29–30/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong
Celestial Securities Limited	9/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong

(ii) any of the branches of the following receiving banks:

Industrial and Commercial Bank of China (Asia) Limited

District	Branch Name	Address
Hong Kong	Central Branch	1/F., 9 Queen's Road Central
	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317–319 Des Voeux Road Central, Sheung Wan
	North Point Branch	G/F, 436–438 King's Road, North Point
Kowloon	Mei Foo Branch	Shop N95A, 1/F, Mount Sterling Mall, Mei Foo Sun Chuen
	Ngau Tau Kok Branch	Shop Nos. G211–214, G/F, Phase II, Amoy Plaza, 77 Ngau Tau Kok Road
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong
New Territories	Tseung Kwan O Branch	Shop Nos. 2011–2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O
	Kwai Fong Branch	C63A–C66, 2/F, Kwai Chung Plaza, Kwai Fong
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34–38 Tai Wing Lane, Tai Po
	Tuen Mun Branch	217 A–F Central Services Building, Nan Fung Industrial City, 18 Tin Hau Road, Tuen Mun

DBS Bank (Hong Kong) Limited

District	Branch Name	Address
Hong Kong	Head Office	G/F, The Center, 99 Queen's Road Central
	United Centre Branch	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty
	Hennessy Road Branch	G/F,427-429 Hennessy Road, Causeway Bay
	Quarry Bay Branch	Shop A, G/F, 1063 King's Road, Quarry Bay
Kowloon	Nathan Road Branch	G/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsim Sha Tsui
	Yaumatei Branch	G/F & 1/F, 131-137 Woo Sung Street, Yau Ma Tei
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long
	Shatin Plaza Branch	Shop 47 & 48, Level 1, Shatin Plaza, No. 21-27 Sha Tin Centre Street, Shatin
	Tsuen Wan Branch	G/F, 23 Chung On Street, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, August 13, 2014 until 12:00 noon on Monday, August 18, 2014 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

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 "ICBC (Asia) Nominee Limited – China VAST 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:

9:00 a.m. to 5:00 p.m. on Wednesday, August 13, 2014.
9:00 a.m. to 5:00 p.m. on Thursday, August 14, 2014.
9:00 a.m. to 5:00 p.m. on Friday, August 15, 2014.
9:00 a.m. to 1:00 p.m. on Saturday, August 16, 2014.
9:00 a.m. to 12:00 noon on Monday, August 18, 2014.

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, August 18, 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 Public 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 Underwriters, their respective directors, officers, employees, partners, agents, advisors 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;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisors 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 and the Underwriters nor any of their respective officers or advisors 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 Public 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 Public 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 Public 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 Public 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 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 Public 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.

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**.

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** (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, August 13, 2014 until 11:30 a.m. on Monday, August 18, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, August 18, 2014 or such later time under the "Effect 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 Public 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 paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2.00 for each "China VAST Industrial Urban Development Company Limited" White Form eIPO application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang Hong Kong Forest" project initiated by Friends of the Earth (HK).

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 Public Offer Shares and to arrange payment of the money 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
2nd Floor, 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 Public 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 Public 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 Public 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 Public 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;

- 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;

- confirm that you 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 Public 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 Public 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 Underwriters, their respective directors, officers, employees, partners, agents, advisors 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, our Hong Kong Share Registrar;

- receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisors 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 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 Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is 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 the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- 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 Ordinance, 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 Public Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong 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 Hong Kong 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 1,000 Hong Kong Public Offer Shares. Instructions for more than 1,000 Hong Kong Public 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 Public 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:

9:00 a.m. to 8:30 p.m.[1] on Wednesday, August 13, 2014.
8:00 a.m. to 8:30 p.m.[1] on Thursday, August 14, 2014.
8:00 a.m. to 8:30 p.m.[1] on Friday, August 15, 2014.
8:00 a.m. to 1:00 p.m.[1] on Saturday, August 16, 2014.
8:00 a.m.[1] to 12:00 noon on Monday, August 18, 2014.

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, August 13, 2014 until 12:00 noon on Monday, August 18, 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 Monday, August 18, 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 Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public 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 Public 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 Underwriters and any of their respective advisors 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 Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public 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 Bookrunners, the Joint Sponsors, the Joint Global Coordinators 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 Public 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/CCASS 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 Monday, August 18, 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public 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 **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 Hong Kong 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;
- hold more than half of the issued share capital of the company (not counting any part of it; or
- 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 PUBLIC 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 Hong Kong 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 1,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Public 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**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing of the Global Offering."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming 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 Monday, August 18, 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 Monday, August 18, 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 Public Offer Shares on Friday, August 22, 2014 in China Daily (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.vastiud.com** and the website of the Hong Kong Stock Exchange at **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.vastiud.com** and the Hong Kong Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Friday, August 22, 2014;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, August 22, 2014 to12:00 midnight on Thursday, August 28, 2014;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, August 22, 2014 to Monday, August 25, 2014;
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, August 22, 2014 to Saturday, August 23, 2014 and Monday, August 25, 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 Public 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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public 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 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 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 Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Hong Kong 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 Public Offer Shares and International Offering Shares;
- 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 dishonored 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 or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public 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$3.75 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong 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 Hong Kong Public 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 Hong Kong 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 Friday, August 22, 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public 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 Public 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 favor 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 Public 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 Hong Kong 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 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 despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, August 22, 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 Monday, August 25, 2014 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" 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 Public 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 the 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 Friday, August 22, 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 despatched 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 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, August 22, 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 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, August 22, 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 Friday, August 22, 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Hong Kong Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public 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 Friday, August 22, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public 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 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from 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 Friday, August 22, 2014, or such other date as notified by the Company in the newspapers as the date of despatch/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 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, August 22, 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 despatched 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 despatched 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 Public Offer Shares

For the purposes of allocating Hong Kong Public 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 Friday, August 22, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

- 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 Friday, August 22, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, August 22, 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 Public 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 Public 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 Friday, August 22, 2014. Immediately following the credit of the Hong Kong Public 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 Public 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 Hong Kong 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 Friday, August 22, 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong 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 Hong Kong 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.

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

13 August 2014

The Directors
China VAST Industrial Urban Development Company Limited
Morgan Stanley Asia Limited
CITIC Securities Corporate Finance (HK) Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding China VAST Industrial Urban Development Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2013 and the three months ended 31 March 2014 (the "Track Record Period") for inclusion in the prospectus of the Company dated 13 August 2014 (the "Prospectus") in connection with the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing").

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 13 February 2014. Through a group reorganization (the "Reorganization") as more fully explained in the section headed "History, Development and Reorganization" of the Prospectus, the Company became the holding company of the Group on 21 February 2014.

As of the end of the respective reporting period and the date of this report, the Company has the following subsidiaries:

Name of company	Place and date of incorporation/establishment	Issued and fully paid share capital/registered capital at the date of this report	Equity interest attributable to the Group					Principal activities
			At 31 December			At 31 March	Date of this report	
			2011	2012	2013	2014	report	
			%	%	%	%	%	
Shing Cheong Holdings Limited *(note 3)* ("Shing Cheong Holdings") (誠昌控股有限公司)	British Virgin Islands ("BVI") 12 April 2007	United States dollars ("US$") 7,000 (Ordinary shares)	100	100	100	100	100	Investment holding
China Vast International Holdings Limited ("China Vast International") (中國宏泰國際控股有限公司)	BVI 08 November 2011	US$10,000 (Ordinary shares)	–	–	100	100	100	Investment holding
Sheng Shi International (HK) Development Limited ("Sheng Shi International") (盛世國際(香港)發展有限公司)	Hong Kong 16 January 2006	Hong Kong dollars ("HK$") 297,180,000 (Ordinary shares)	100	100	100	100	100	Investment holding

Name of company	Place and date of incorporation/establishment	Issued and fully paid share capital/registered capital at the date of this report	Equity interest attributable to the Group					Principal activities
			At 31 December			At 31 March	Date of this report	
			2011	2012	2013	2014	report	
			%	%	%	%	%	
King Billion Corporation Limited ("King Billion") (兆帝有限公司)	Hong Kong 19 April 2007	HK$51,870,000 (Ordinary shares)	100	100	100	100	100	Investment holding
Langfang Sheng Shi Construction & Investment Co., Ltd. *(note 1)* ("Langfang Sheng Shi Construction") (廊坊市盛世建設投資有限公司)	People's Republic of China ("PRC") 8 August 2005	Renminbi ("RMB") 150,000,000 (Paid-up registered capital)	100	100	100	100	100	Planning, design and development of industrial town projects
Langfang City Property Development Co., Ltd. *(note 1)* ("Langfang City Property") (廊坊市城區房地產開發有限公司)	PRC 22 May 1995	RMB100,000,000 (Paid-up registered capital)	100	100	100	100	100	Property development and provision of after sales service
Langfang Vast Zhanyao Property Development Co., Ltd. *(note 1)* ("Langfang Vast Zhanyao") (廊坊宏泰展耀房地產發展有限公司)	PRC 5 June 2007	US$29,800,000 (Paid-up registered capital)	100	100	100	100	100	Property development
Langfang Yongxie Property Service Consulting Co., Ltd. *(note 1)* ("Langfang Yongxie Property") (廊坊市永協物業服務諮詢有限公司)	PRC 5 June 2007	US$100,000 (Paid-up registered capital)	100	100	100	100	100	Consulting and maintenance service
Langfang Vast Zhuoyou Development Co., Ltd. *(note 1)* ("Langfang Vast Zhuoyou") (廊坊宏泰卓優房地產發展有限公司)	PRC 5 June 2007	US$6,550,000 (Paid-up registered capital)	100	100	100	100	100	Property development
Tangshan Zhanyao Property Development Co., Ltd. *(note 1)* ("Tangshan Zhanyao") (唐山展耀房地產開發有限公司)	PRC 25 June 2007	US$29,800,000 (Paid-up registered capital)	100	100	100	100	100	Property development
Langfang Hongsheng Property Development Co., Ltd. *(note 1)* ("Langfang Hongsheng") (廊坊市宏盛房地產開發有限公司)	PRC 14 August 2007	RMB50,000,000 (Paid-up registered capital)	100	100	100	100	100	Property development and property leasing
Langfang Vast Zhanyao Investment Co., Ltd. *(notes 1 and 6)* ("Zhanyao Investment") (廊坊宏泰展耀投資有限公司)	PRC 28 November 2007	RMB50,000,000 (Paid-up registered capital)	100	100	–	–	–	Property development
Langfang Honghao Investment Co., Ltd. *(notes 1 and 5)* ("Langfang Honghao Investment") (廊坊市鴻昊投資有限公司)	PRC 7 July 2008	RMB620,000,000 (Paid-up registered capital)	100	100	100	100	100	Infrastructure investment
Langfang Yonglun Property Development Co., Ltd. *(note 1)* ("Langfang Yonglun") (廊坊市永侖房地產開發有限公司)	PRC 14 July 2009	RMB10,000,000 (Paid-up registered capital)	100	100	100	100	100	Property development

Name of company	Place and date of incorporation/establishment	Issued and fully paid share capital/registered capital at the date of this report	Equity interest attributable to the Group					Principal activities
			At 31 December			At 31 March	Date of this report	
			2011	2012	2013	2014		
			%	%	%	%	%	
Langfang Gaodi Digital Technology Co., Ltd. *(note 1)* ("Langfang Gaodi") (廊坊市高迪數碼電子技術有限公司)	PRC 5 January 2010	RMB5,000,000 (Paid-up registered capital)	100	100	100	100	100	Manufacture and sales of digital products
Chengde Yonglun Properties Development Co., Ltd. *(note 1)* ("Chengde Yonglun") (承德市永侖房地產開發有限公司)	PRC 8 February 2010	RMB50,000,000 (Paid-up registered capital)	100	100	100	100	100	Property development
Beijing Sheng Shi Zhuoyou Investment Co., Ltd. *(notes 1 and 7)* ("Sheng Shi Zhuoyou") (北京盛世卓優投資有限公司)	PRC 29 July 2010	RMB10,000,000 (Paid-up registered capital)	100	100	–	–	–	Not yet commence business
Langfang Kaihong Furniture Mart Co., Ltd. *(notes 1 and 2)* ("Kaihong") (廊坊市凱宏家居廣場有限公司)	PRC 10 December 2010	RMB100,000,000 (Paid-up registered capital)	100	30	30	30	30	Property leasing and property development
Langfang Shoukai Sheng Shi Investment Co., Ltd. *(notes 1 and 11)* ("Langfang Shoukai Sheng Shi Investment") (廊坊市首開盛世投資有限公司)	PRC 4 August 2011	RMB162,000,000 (Paid-up registered capital)	100	100	100	100	100	Infrastructure investment and land resettlement
Langfang Yingkai Technology Incubation Service Co., Ltd. *(notes 1 and 4)* ("Langfang Yingkai Technology") (廊坊市盈凱科技成果孵化服務有限公司)	PRC 29 March 2013	RMB5,100,000 (Paid-up registered capital)	–	–	100	100	100	Not yet commence business
Chuzhou Vast Zhanyao Investment Co., Ltd. *(notes 1 and 4)* ("Chuzhou Vast Zhanyao") (滁州宏泰展耀投資有限公司)	PRC 26 August 2013	RMB10,000,000 (Paid-up registered capital)	–	–	100	100	100	Business consulting service
Langfang Vast Park Service Co., Ltd. *(notes 1 and 4)* ("Langfang Vast Park") (廊坊市宏泰園區服務有限公司)	PRC 8 October 2013	RMB500,000 (Paid-up registered capital)	–	–	100	100	100	Not yet commence business
Langfang Goodman Vast Park Service Company ("Langfang Goodman Vast Park Service") (廊坊嘉民盛世園區服務有限公司) *(note 8)*	PRC 12 April 2012	US$30,000,000 (Paid-up registered capital)	–	–	–	100	100	Infrastructure maintenance service
Beijing Vast Zhanyao Investment Co., Ltd. *(notes 1 and 9)* (北京宏泰展耀投資有限公司)	PRC 29 April 2014	RMB5,000,000 (Paid-up registered capital)	–	–	–	–	100	Project investment, lease, consulting and asset management

As of the end of the respective reporting period and the date of this report, the Company has the following associates:

Name of company	Place and date of establishment	Issued and fully paid share capital/ registered capital at the date of this report	Equity interest attributable to the Group					Principal activities
			At 31 December			At 31 March	Date of this report	
			2011	2012	2013	2014		
			%	%	%	%	%	
Langfang Huayuan Shengshi Heating Co., Ltd. ("Huayuan") *(note 1)* 廊坊市華源盛世熱力有限公司	PRC 21 August 2007	RMB25,000,000 (Paid-up registered capital)	35	35	35	35	35	Heat energy generation
Langfang Kaichuang Jiahua Investment Co., Ltd. ("Kaichuang") *(note 1)* 廊坊市凱創嘉華投資有限公司	PRC 14 November 2011	RMB20,000,000 (Paid-up registered capital)	49	49	49	49	49	Property development
Langfang Shengshi Credit & Warrant Co., Ltd. ("Shengshi Credit") *(notes 1 and 10)* 廊坊市盛世信用擔保有限公司	PRC 19 June 2006	RMB60,000,000 (Paid-up registered capital)	41.67	41.67	41.67	41.67	–	Inactive
Kaihong *(note 2)*	PRC 10 December 2010	RMB100,000,000 (Paid-up registered capital)	–	30	30	30	30	Property leasing and property development

As of the end of the respective reporting period and the date of this report, the Company has the following joint venture:

Name of company	Place and date of establishment	Issued and fully paid share capital/ registered capital at the date of this report	Equity interest attributable to the Group					Principal activities
			At 31 December			At 31 March	Date of this report	
			2011	2012	2013	2014		
			%	%	%	%	%	
Langfang Goodman Vast Park Service *(note 8)* 廊坊嘉民盛世園區服務	PRC 12 April 2012	US$30,000,000 (Paid-up registered capital)	–	50	50	100	100	Infrastructure maintenance service

Notes:

1. English name for identification only.
2. The Group's interest in this entity was diluted to 30% and the entity became an associate of the Group in late 2012, details of which are set out in note 39(b) to Section A.
3. Shing Cheong Holdings is directly held by the Company. Other subsidiaries are indirectly held by the Company.
4. The entities were newly incorporated/established during the year ended 31 December 2013.
5. The registered capital of Langfang Honghao Investment increased from RMB50,000,000 to RMB150,000,000 during the year ended 31 December 2012 and further increased to RMB620,000,000 during the year ended 31 December 2013.
6. The entity was merged with Langfang City Property during the year ended 31 December 2013. Upon completion of the merger, this entity was dissolved.
7. The entity was disposed of on 21 June 2013, details of which are set out in note 39(c) to Section A.
8. The Group has completed its acquisition of the remaining 50% shareholding interest in Langfang Goodman Vast Park Service during the period ended 31 March 2014, details of which are set out in note 40 to Section A.
9. The entity was newly established subsequent to 31 March 2014.
10. Shengshi Credit was dissolved subsequent to 31 March 2014. The investment cost was recovered with no significant gain or loss as a result of the dissolution.
11. The registered capital of Langfang Shoukai Sheng Shi Investment increased from RMB10,000,000 to RMB162,000,000 subsequent to 31 March 2014.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The statutory financial statements of King Billion and Sheng Shi International were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by certified public accountants registered in Hong Kong. The statutory financial statements of the Company's subsidiaries established in the PRC (for the purpose of this report, the PRC excludes the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan) were prepared in accordance with relevant accounting policies and financial regulations applicable to entities established in the PRC ("PRC GAAP") and were audited by certified public accountants registered in the PRC.

Details of these audited financial statements are as follows:

Name of company	Financial year ended	Name of auditors
Sheng Shi International	31 December 2011, 2012 and 2013	畢杜楊會計師行有限公司 But Do Yeung C.P.A. Limited
King Billion	31 December 2011, 2012 and 2013	畢杜楊會計師行有限公司 But Do Yeung C.P.A. Limited
Langfang Sheng Shi Construction	31 December 2011, 2012 and 2013	廊坊至信會計師事務所有限責任公司 Langfang Zhixin Certified Public Accountants Co., Ltd.
Langfang City Property	31 December 2011, 2012 and 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Langfang Vast Zhanyao	31 December 2011, 2012 and 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Langfang Yongxie Property	31 December 2011, 2012 and 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Langfang Vast Zhuoyou	31 December 2011, 2012 and 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Tangshan Zhanyao	31 December 2011, 2012 and 2013	唐山中元精誠會計師事務所有限公司 Tangshan Zhongyuanjingcheng Certified Public Accountants Limited
Langfang Hongsheng	31 December 2011, 2012 and 2013	廊坊至信會計師事務所有限責任公司 Langfang Zhixin Certified Public Accountants Co., Ltd.
Zhanyao Investment	31 December 2011 and 2012	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
	31 December 2013	***
Langfang Honghao Investment	31 December 2011, 2012 and 2013	廊坊至信會計師事務所有限責任公司 Langfang Zhixin Certified Public Accountants Co., Ltd.

Name of company	Financial year ended	Name of auditors
Langfang Yonglun	31 December 2011, 2012 and 2013	廊坊至信會計師事務所有限責任公司 Langfang Zhixin Certified Public Accountants Co., Ltd.
Langfang Gaodi	31 December 2011, 2012 and 2013	廊坊至信會計師事務所有限責任公司 Langfang Zhixin Certified Public Accountants Co., Ltd.
Chengde Yonglun	31 December 2011, 2012 and 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Sheng Shi Zhuoyou	31 December 2011, 2012 and 2013	*
Kaihong	31 December 2011	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
	31 December 2012	廊坊華安達會計師事務所有限公司 Langfang Huaanda Certified Public Accountants Limited
Langfang Shoukai Sheng Shi Investment	From 4 August 2011 (date of establishment) to 31 December 2011	**
	31 December 2012 and 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Langfang Yingkai Technology	From 29 March 2013 (date of establishment) to 31 December 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Chuzhou Vast Zhanyao	From 26 August 2013 (date of establishment) to 31 December 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited
Langfang Vast Park	From 8 October 2013 (date of establishment) to 31 December 2013	廊坊中天建會計師事務所有限公司 Langfang Zhongtianjian Certified Public Accountants Limited

* The entity has not carried on any business. No audited financial statements have been prepared since the date of its establishment as there is no statutory audit requirement under the relevant rules and regulations in its jurisdiction of establishment.

** The entity has not carried on any business for the period from 4 August 2011 (date of establishment) to 31 December 2011. No audited financial statements have been prepared for that period as there is no statutory audit requirement under the relevant rules and regulations in the entity's jurisdiction of establishment.

*** This entity was merged into Langfang City Property during the year ended 31 December 2013. No separate financial statements were required to be issued for 2013.

No audited statutory financial statements have been prepared for the Company, Shing Cheong Holdings and China Vast International since their respective dates of incorporation as they were incorporated in the jurisdictions where there are no statutory audit requirement. They have not carried on any business other than the transactions related to the Reorganization.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "Underlying Financial Statements"). We have carried out an independent audit on the Underlying Financial Statements in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

For the purpose of this report, we have examined the Underlying Financial Statements and carried out such additional audit procedures as we consider necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 to Section A of the Financial Information. No adjustments are considered necessary by us to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the Prospectus.

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

In our opinion, on the basis of presentation as set out in note 2 to Section A of the Financial Information, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 March 2014 and of the Group as at 31 December 2011, 2012 and 2013 and 31 March 2014, and of the consolidated results and cash flows of the Group for the Track Record Period.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three months ended 31 March 2013 together with notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "March 2013 Financial Information") which was prepared by the Directors solely for the purpose of this report. We conducted our review of the March 2013 Financial Information in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Our review of the March 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the March 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the March 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
	NOTES	2011	2012	2013	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	8	1,201,189	467,452	1,212,904	269,108	312,791
Cost of sales and services		(575,309)	(336,983)	(394,712)	(84,724)	(103,351)
Gross profit		625,880	130,469	818,192	184,384	209,440
Other income	10	42,014	66,729	99,645	29,565	8,000
Other expenses	10	(300)	(2,706)	(10,197)	–	(16,849)
Other gains and losses	11	16,964	15,766	10,831	1,399	5,690
Selling and marketing expenses		(23,030)	(19,517)	(32,277)	(4,884)	(5,955)
Administrative expenses		(48,262)	(56,157)	(62,325)	(13,775)	(15,403)
Finance costs	12	(82,844)	(84,145)	(69,405)	(19,870)	(34,502)
Debt restructuring gain	31(b)(iv)	112,228	–	–	–	–
Gains and losses in relation to warrants	32	(55,840)	208,140	17,248	(162,684)	–
Gain on fair value change of investment properties	18	86,957	9,164	31,900	12,400	5,000
Share of losses of associates	20	(38)	(1,791)	(2,618)	(1,022)	(716)
Share of losses of a joint venture	21	–	(190)	(1,533)	(13)	–
Profit before tax	13	673,729	265,762	799,461	25,500	154,705
Income tax expense	15	(86,812)	(37,748)	(36,000)	(9,762)	(53,428)
Profit and total comprehensive income attributable to owners of the Company for the year/period		586,917	228,014	763,461	15,738	101,277
Earnings per share	16					
– Basic (RMB)		0.46	0.18	0.60	0.01	0.08
– Diluted (RMB)		0.44	0.01	0.54	0.01	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2011	At 31 December 2012	At 31 December 2013	At 31 March 2014
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	17	38,246	34,252	30,722	29,880
Investment properties	18	383,700	698,100	730,000	735,000
Prepaid lease payments	19	2,353	2,278	2,203	2,184
Interests in associates	20	52,522	121,651	119,033	118,317
Interest in a joint venture	21	–	94,602	93,069	–
Available-for-sale investment	22	4,284	4,284	–	–
Deferred tax assets	23	20,180	20,092	21,278	23,841
Trade receivables	26	–	102,329	–	–
Other receivables	27	9,534	10,145	–	–
Amounts due from related parties	42(a)	304,055	–	–	–
		814,874	1,087,733	996,305	909,222
Current assets					
Land development for sale	24	657,341	768,747	1,024,089	1,000,450
Properties under development for sale	25	1,848,418	2,461,987	2,753,204	2,816,671
Completed properties for sale		128,446	49,425	403,856	405,980
Prepaid lease payments	19	75	75	75	75
Trade receivables	26	98,323	96,161	277,578	207,160
Prepayments and other receivables	27	49,098	45,537	177,643	111,365
Amounts due from related parties	42(a)	49,025	453,171	7,793	5,147
Income tax recoverable		279	21,643	25,794	9,849
Restricted bank deposits	28	16,724	384,883	667,010	604,769
Bank balances and cash	28	523,856	115,953	420,586	266,640
		3,371,585	4,397,582	5,757,628	5,428,106
Total assets		4,186,459	5,485,315	6,753,933	6,337,328

	NOTES	At 31 December 2011	At 31 December 2012	At 31 December 2013	At 31 March 2014
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	30	816,382	1,407,607	1,499,428	1,259,706
Advance from customers for properties developed for sale		87,312	384,494	844,377	885,618
Provision	29	71,433	–	–	–
Amounts due to related parties	42(a)	503,078	541,128	86,010	44,882
Deposit received from a joint venture	42(a)	–	93,949	93,949	–
Current tax liabilities		58,450	81,439	113,938	141,769
Bank and other borrowings	31	1,395,760	1,958,238	1,965,630	1,822,023
Warrants	32	225,388	17,248	–	–
		3,157,803	4,484,103	4,603,332	4,153,998
Net current assets (liabilities)		213,782	(86,521)	1,154,296	1,274,108
Total assets less current liabilities		1,028,656	1,001,212	2,150,601	2,183,330
Non-current liabilities					
Bank and other borrowings	31	1,289,050	1,030,377	1,427,486	1,330,531
Deferred tax liabilities	23	30,323	35,649	25,113	22,702
		1,319,373	1,066,026	1,452,599	1,353,233
Net (deficits) assets		(290,717)	(64,814)	698,002	830,097
Capital and reserves					
Share capital	33	–	–	–	–
Reserves	34	(290,717)	(64,814)	698,002	830,097
Equity attributable to owners of the Company		(290,717)	(64,814)	698,002	830,097

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Merger reserve	Capital reserve	Statutory reserve	(Accumulated losses) Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *(note 33)*	RMB'000 *(note 34)*	RMB'000	RMB'000 *(note 34)*	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	–	150,048	–	16,311	(893,993)	(727,634)	40,000	(687,634)
Disposal a subsidiary *(note 39(a))*	–	–	–	–	–	–	(40,000)	(40,000)
Deemed distribution *(note a)*	–	(150,000)	–	–	–	(150,000)	–	(150,000)
Profit and total comprehensive income for the year	–	–	–	–	586,917	586,917	–	586,917
Appropriations to statutory reserve	–	–	–	42,105	(42,105)	–	–	–
At 31 December 2011	–	48	–	58,416	(349,181)	(290,717)	–	(290,717)
Profit and total comprehensive income for the year	–	–	–	–	228,014	228,014	–	228,014
Fair value adjustment on interest-free advances to the Ultimate Controlling Shareholder	–	–	(2,111)	–	–	(2,111)	–	(2,111)
Appropriations to statutory reserve	–	–	–	5,259	(5,259)	–	–	–
At 31 December 2012	–	48	(2,111)	63,675	(126,426)	(64,814)	–	(64,814)
Profit and total comprehensive income for the year	–	–	–	–	763,461	763,461	–	763,461
Fair value adjustment on interest-free advances to the Ultimate Controlling Shareholder	–	–	(645)	–	–	(645)	–	(645)
Appropriations to statutory reserve	–	–	–	73,508	(73,508)	–	–	–
At 31 December 2013	–	48	(2,756)	137,183	563,527	698,002	–	698,002
Profit and total comprehensive income for the period	–	–	–	–	101,277	101,277	–	101,277
Appropriations to statutory reserve	–	–	–	8,756	(8,756)	–	–	–
Waiver of debt owed to Mr. Wang Jianjun *(note b)*	–	–	41,091	–	–	41,091	–	41,091
Tax charge on the waiver *(note b)*	–	–	(10,273)	–	–	(10,273)	–	(10,273)
At 31 March 2014	–	48	28,062	145,939	656,048	830,097	–	830,097
(unaudited)								
At 1 January 2013	–	48	(2,111)	63,675	(126,426)	(64,814)	–	(64,814)
Profit and total comprehensive income for the period	–	–	–	–	15,738	15,738	–	15,738
Fair value adjustment on interest-free advances to the Ultimate Controlling Shareholder	–	–	(27)	–	–	(27)	–	(27)
Appropriations to statutory reserve	–	–	–	16,112	(16,112)	–	–	–
At 31 March 2013	–	48	(2,138)	79,787	(126,800)	49,103	–	49,103

Notes:

a. During the year ended 31 December 2011, the Group entered into an acquisition agreement to acquire the entire equity interest in Langfang Sheng Shi Construction from Mr. Wang Jianjun for a consideration of RMB150 million which was accounted for as a deemed distribution. As Langfang Sheng Shi Construction was controlled by the Ultimate Controlling Shareholders (as defined in note 2) before and after this transaction, it was accounted for as a business combination under common control.

b. During the period ended 31 March 2014, Mr. Wang Jianjun agreed to waive an amount of RMB41,091,000 payable to him by the Group which was accounted for as a deemed contribution to the Group by the Ultimate Controlling Shareholders. This deemed contribution is subject to a tax charge of approximately RMB10,273,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	NOTES	Year ended 31 December			Three months ended 31 March	
		2011	2012	2013	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES						
Profit before tax		673,729	265,762	799,461	25,500	154,705
Adjustments for:						
Depreciation of property, plant and equipment		4,863	4,688	3,429	1,030	919
Prepaid lease payments released to profit or loss		75	75	75	19	19
Changes in fair value of investment properties		(86,957)	(9,164)	(31,900)	(12,400)	(5,000)
Losses (gain) in relation to warrants		55,840	(208,140)	(17,248)	162,684	–
Share of losses of associates		38	1,791	2,618	1,022	716
Share of losses of a joint venture		–	190	1,533	13	–
Impairment on a trade receivable		–	–	1,409	–	–
Utilization of provision		(48,579)	(71,433)	–	–	–
Exchange gains and losses		(6,871)	(932)	(1,652)	(152)	(648)
Gain on disposal of property, plant and equipment		(80)	(289)	(134)	(39)	(32)
Interest income		(33,361)	(54,760)	(99,645)	(29,565)	(8,000)
Fair value adjustment loss on interest-free advances to related parties		11,917	5,965	3,552	270	–
Finance costs		82,844	84,145	69,405	19,870	34,502
Debt restructuring gain		(112,228)	–	–	–	–
Gain on disposal/deemed disposal of subsidiaries		–	(15,325)	(3,241)	–	–
Gain of acquisition of the remaining equity interest in the joint venture		–	–	–	–	(1,515)
Operating cash flows before movements in working capital		541,230	2,573	727,662	168,252	175,666
(Increase) decrease in land development for sale		(105,923)	(85,029)	(214,689)	52,390	36,336
Increase in properties under development for sales		(222,939)	(753,815)	(138,216)	(29,013)	(30,579)
(Increase) decrease in completed properties for sale		(87,540)	79,021	(354,431)	(34)	(2,124)
Decrease (increase) in trade receivables		49,921	(100,167)	(80,497)	(35,181)	70,418
(Increase) decrease in prepayments and other receivables		(17,864)	(20,050)	(44,810)	19,964	3,985
Increase (decrease) in refundable deposits on land development activities		3,765	(3,765)	20,786	(6,862)	(90,704)
(Decrease) increase in trade and other payables		(135,711)	901,251	647,303	336,862	(164,640)
Increase (decrease) in amounts due to related parties and deposit received from a joint venture		43,599	137,872	(129,137)	(129,137)	(26)
Cash generated from (used in) operations		68,538	157,891	433,971	377,241	(1,668)
Income tax and land appreciation tax paid		(21,062)	(30,708)	(19,374)	(5,374)	(24,899)
Net cash from (used in) operating activities		47,476	127,183	414,597	371,867	(26,567)

	NOTES	Year ended 31 December			Three months ended 31 March	
		2011	2012	2013	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
INVESTING ACTIVITIES						
Interest income received		2,670	14,939	18,554	10,737	8,000
Payments for acquisition of property, plant and equipment		(2,793)	(1,106)	(3,154)	(180)	(85)
Payment for acquisition of investment properties		(22,760)	(96,133)	(121,700)	(4,331)	(34,814)
Loan receivables and staff loan receivables made		(23,000)	–	(68,568)	(5,831)	(10,000)
Repayment of loan receivables and staff loan receivables		–	23,000	–	–	68,568
Capital injection in an associate		(9,800)	–	–	–	–
Capital injection in a joint venture		–	(94,792)	–	–	–
Proceeds from disposal of property, plant and equipment		375	563	2,344	124	40
Cash inflow (outflow) on disposal/deemed disposal of subsidiaries	39	19,542	(12,115)	(13)	–	10,000
Cash inflow on acquisition of the remaining equity interest in the joint venture	40	–	–	–	–	86,037
Restricted bank deposits withdrawn		532	6,229	370,025	112	216,000
Restricted bank deposits placed		(666)	(374,388)	(652,152)	(4,436)	(153,759)
Repayment of advance to related parties		585,423	81,688	696,152	77,527	3,941
Advance to related parties		(94,837)	(150,034)	(173,880)	(95,550)	(1,295)
Net cash from (used in) investing activities		454,686	(602,149)	67,608	(21,828)	192,633
FINANCING ACTIVITIES						
New bank borrowings raised		910,000	1,081,268	1,555,055	365,828	359,000
New other loans raised		492,666	531,040	1,201,150	138,231	237,697
Repayment of bank borrowings		(276,000)	(172,000)	(1,549,810)	(511,500)	(644,332)
Repayment of other loans		(381,768)	(1,138,203)	(598,344)	(82,153)	(181,141)
Repayment of advance from related parties		(964,399)	(425,537)	(840,963)	(365,199)	(51)
Advance from related parties		288,882	421,082	349,897	108,789	40
Interest paid		(142,439)	(230,585)	(294,437)	(54,476)	(91,404)
Net cash (used in) from financing activities		(73,058)	67,065	(177,452)	(400,480)	(320,191)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		429,104	(407,901)	304,753	(50,441)	(154,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		94,800	523,856	115,953	115,953	420,586
Effect of foreign exchange rate changes		(48)	(2)	(120)	(16)	179
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD represented by bank balances and cash		523,856	115,953	420,586	65,496	266,640

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 13 February 2014. The addresses of the registered office and principal place of business of the Company are stated in the section headed "Corporate Information" of the Prospectus. The principal activity of the Company is investment holding. Its subsidiaries are primarily engaged in the land development, property development and property leasing.

The ultimate holding company and immediate holding company of the Company is Profit East Limited ("Profit East"), a company which was incorporated in the BVI and is ultimately controlled by Ms. Zhao Ying.

The Financial Information is presented in RMB which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

2. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The Reorganization

Prior to the Reorganization, all the land development, property development and property leasing business operations of the Group were carried out by the companies either controlled by King Billion or Sheng Shi International, both of which were wholly owned by Shing Cheong Holdings, a company incorporated in BVI which was wholly owned by Profit East and is ultimately controlled by Ms. Zhao Ying. Ms. Zhao Ying together with her husband, Mr. Wang Jianjun, are collectively referred to as the "Ultimate Controlling Shareholders" of the Group. On 25 June 2013, the entire issued share capital of King Billion and Sheng Shi International were transferred to China Vast International, a company wholly owned by Shing Cheong Holdings, for nil consideration. To rationalize the corporate structure in preparation of the listing of the Company's shares on the Hong Kong Stock Exchange, the Company was incorporated in the Cayman Islands on 13 February 2014. One share was allotted and issued to the initial subscriber, an independent third party, and then transferred to Profit East on 13 February 2014. On the same day, the Company issued and allotted an additional 9,999 shares, credited as fully paid, to Profit East at par value. On 21 February 2014, the Company acquired all the issued share capital in Shing Cheong Holdings from Profit East, in consideration of which the Company allotted and issued 10,000 ordinary shares of par value of HK $0.01, credited as fully paid, to Profit East. Upon completion of the share transfer, the Company became the holding company of the Group as at 21 February 2014. The companies that took part in the Reorganization were controlled by the Ultimate Controlling Shareholders during the Track Record Period or since their respective date of incorporation or establishment up to 31 March 2014 where this is a shorter period.

The Group resulting from the Reorganization, which involves interspersing the Company between Shing Cheong Holdings and Profit East, is regarded as a continuing entity. As there was no change in the Ultimate Controlling Shareholders before and after the Reorganization, the Financial Information relating to the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Track Record Period includes the results of operations and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the Track Record Period or since their respective dates of incorporation or establishment where this is a shorter period (except for the disposals and acquisition set out in notes 39 and 40 respectively). The consolidated statements of financial position of the Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation and establishment (except for the disposals set out in note 39). All material intra-group transactions and balances have been eliminated on consolidation.

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for each of the three years ended 31 December 2013 and the three months ended 31 March 2014, the Group has adopted and consistently applied all International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS") amendments to standards and the related interpretations ("IFRIC") which are effective for annual accounting periods beginning on 1 January 2014 throughout the Track Record Period.

New and revised IFRSs issued but not yet effective:

At the date of this report, the following new and revised IFRSs have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]

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

The Group has not early adopted these new and revised IFRSs in the preparation of the Financial Information.

The management of the Group anticipates that the application of these new and revised IFRSs will have no material impact on the Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Information has been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are as follows:

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has right, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to owners of the Company and to the non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations involving entities under common control

The Financial Information incorporates 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 consolidated using the existing book values from the controlling parties' perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Loss of control of subsidiaries

When the Group loses control of a subsidiary, it (i) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognizes the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognizes the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognized as a gain or loss in profit or loss attributable to the Group.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to (accumulated losses) retained profits as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisition of subsidiaries

For the acquisition of subsidiary that does not constitute a business, it is considered that the transaction does not meet the definition of a business combination. Accordingly, the transaction is accounted for as acquisition of assets and liabilities. In such case, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The individual identifiable assets acquired and liabilities assumed are recognized at cost allocated on the basis of their relative fair values at the date of purchase.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position at cost less any identified impairment loss.

Revenue recognition

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

Fee income from land development

The Group is given the right to carry out construction and preparation works in respect of land infrastructure within certain districts pursuant to land development agreements entered into between the Group and the local government authority. When the land plots are sold by the local government authority to land buyers through public auction, tender or listing, the Group is entitled to receive from the local government authorities a proportion of the proceeds from land sales.

Fee income from the land development is recognized upon the transfer of risk and rewards in connection with the land development and when the amount of fee income can be measured reliably, which occurs upon the completion of related construction works as well as sales of land plots by the local government authority. Accordingly, at the time of the sales of land, proceeds entitled to be received from the local government authorities by the Group are recognized as fee income.

Marketing and promotional service income pursuant to land development agreements entered into between the Group and the local government authority is recognized when the services are provided.

Sales of properties

Revenue from sales of properties in the ordinary course of business is recognized when the respective properties have been completed and delivered to the buyers. Deposits and prepayments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Operating lease income

Operating lease income from investment properties is recognized on the straight-line basis over the lease term which is the non-cancellable period for which the lessee has contracted to lease the properties.

Interest income

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

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Financial Information only to the extent of interests in the associate that are not related to the Group.

The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Joint ventures

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as joint ventures.

The results and assets and liabilities of joint ventures are incorporated in the Financial Information using the equity method of accounting. Under the equity method, investments in joint ventures are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint ventures. When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognized in the Financial Information only to the extent of interests in the joint venture that are not related to the Group.

The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses if any.

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalized as part of the carrying amount of the investment properties under construction.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognized.

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalized staff costs, capitalized borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realizable value. Net realizable value takes into account the Group's share of estimated proceeds derived from the sale of land development for sale by the local government authorities, less costs to completion and the costs to be incurred in realizing the revenue derived from the sale of land development for sale based on prevailing market conditions.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Properties under development for sale

Properties under development which are intended to be sold in the ordinary course of business upon completion of development are classified as current assets, and carried at the lower of cost and net realizable value. Costs include the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalized.

Properties under development for sale are transferred to completed properties for sale upon completion.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realizable value. Cost includes the related land costs, development expenditure incurred and, where appropriate, borrowing costs capitalized. Net realizable value is determined based on prevailing market conditions.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and managing an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an income in the period in which they are incurred.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the lease is classified as an operating leases. Specially, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowing costs

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity's functional currency (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognized in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to state-managed retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Taxation

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

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

For the purpose of measuring deferred tax liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets.

Effective interest method

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

Interest income is recognized on an effective interest basis for debt instruments.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade and other receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

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

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

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

Equity instruments

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 Revenue.

Derivative

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.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment losses on tangible assets

At the end of each of the reporting periods, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Financial Information.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties 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 through rental income. Therefore, in determining the Group's deferred taxation on investment properties, the management of the Group has determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Key sources of estimation uncertainty

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

Investment properties

Investment properties were stated at fair values based on the valuation performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the management of the Group has exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

The carrying amounts of investment properties as at 31 December 2011, 2012, 2013 and 31 March 2014, were approximately RMB383,700,000, RMB698,100,000, RMB730,000,000 and RMB735,000,000, respectively. More details are set out in note 18.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC, according to the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognizes land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalized with local tax authorities.

As at 31 December 2011, 2012 and 2013 and 31 March 2014, the amounts of provision for land appreciation tax which were included in current tax liabilities on the consolidated statements of financial position were RMB97,000, RMB1,065,000, RMB3,105,000 and RMB16,216,000, respectively.

Income tax expense

As at 31 December 2011, 2012 and 2013 and 31 March 2014, deferred tax assets of RMB20,180,000, RMB20,092,000, RMB21,278,000 and RMB23,841,000 were recognized in the consolidated statements of financial position. The realization of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognized in profit or loss in the period in which such a reversal takes place.

Carrying amount of land development for sale

The Group's land development for sale is stated at the lower of cost and net realizable value. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land infrastructure, and its net realizable value, i.e., the fee income to be derived from the sale of land development for sale by the local government authorities, less costs to completion and the costs to be incurred in realizing the fee income from the sale of land development for sale based on prevailing market conditions.

If the cost is higher than the estimated net realizable value, provision for the excess of cost of land development for sale over its net realizable value should be made. A provision for loss on onerous contracts would be made by the Group if it has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Determination of these provisions would require the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying amount and provision for loss on land development for sale and the provision for loss on onerous contract in the periods in which such estimate is changed will be adjusted accordingly.

The carrying amounts of land development for sale as at 31 December 2011, 2012 and 2013 and 31 March 2014 were approximately RMB657,341,000, RMB768,747,000, RMB1,024,089,000 and RMB1,000,450,000, respectively, and the provision for loss on onerous contract as at 31 December 2011 was approximately RMB71,433,000. More details are set out in notes 24 and 29.

Estimation of fair value of the warrants

The warrants are classified as derivative financial instruments and are stated at fair value at the end of each reporting period. The fair value of warrants is measured using valuation techniques in which significant input is not based on observable market data. The assumptions of the valuation are set out in note 7(c). Any change in assumptions of valuation would affect the value of the derivative financial instruments significantly, and the profit or loss in subsequent years.

As at 31 December 2011 and 2012, the fair values of the warrants were approximately RMB225,388,000 and RMB17,248,000, respectively. The warrants were extinguished during the year ended 31 December 2013. More details are set out in note 32.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern; to maintain the confidence of creditors; to sustain future development of the group entities and to maximize the return to the owners of the Company through optimization of debt and equity balances. The Group's overall strategy remains unchanged over the Track Record Period.

The capital structure of the Group consists of borrowings, net of cash and cash equivalents, and total equity of the Group.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associates with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividend, raise of new capital, issue of new debt or the reduction of existing debts.

7. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group				The Company
	At 31 December			At 31 March	At 31 March
	2011	2012	2013	2014	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Available-for-sale investment	4,284	4,284	–	–	–
Trade receivables	98,323	198,490	277,578	207,160	–
Other receivables	41,363	18,847	104,509	36,855	–
Amounts due from related parties	353,080	453,171	7,793	5,147	–
Amount due from a subsidiary	–	–	–	–	234,216
Bank balances and cash	523,856	115,953	420,586	266,640	–
Restricted bank deposits	16,724	384,883	667,010	604,769	–
Financial liabilities at amortized cost					
Trade and other payables	790,842	1,371,126	1,455,229	1,245,916	–
Amounts due to related parties	503,078	541,128	86,010	44,882	–
Bank and other borrowings	2,684,810	2,988,615	3,393,116	3,152,554	234,216
Amounts due to subsidiaries	–	–	–	–	16,808
Financial liability at fair value through profit or loss					
Warrants	225,388	17,248	–	–	–

b. Financial risk management objectives and policies

The Group's financial instruments consisted of available-for-sale investment, bank balances and cash, restricted bank deposits, trade and other receivables, amounts due from/to related parties, trade and other payables, warrants, bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk, foreign currency risk and liquidity risk. The Company's financial instruments consisted of amount due from a subsidiary and amounts due to subsidiaries, which were unsecured, non-interest bearing and repayable on demand, and other borrowing. The Company does not have any significant exposure to financial risks.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate trade receivable, other receivables and bank and other borrowings (see note 31 for details of these borrowings).

The Group is also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on cash and cash equivalents and bank and other borrowings carried at prevailing market interest rates based on or by reference to the interest rates promulgated by the People's Bank of China, London Interbank Offered Rate and Hong Kong Interbank Offered Rate.

The Group currently does not have a specific policy to manage their interest rate risk and has not entered into interest rate swaps to hedge its exposure, but will closely monitor its interest rate exposure in the future.

The variable rate sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and variable rate borrowings at the end of the reporting period and assumed that the amounts outstanding at the end of each reporting period was outstanding for the whole year/period.

Sensitivity analysis

If interest rates on borrowings had been 100 basis points lower (but not consider further decrease in interest rates on restricted bank deposits and bank balances) and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit after tax, after taking into account the interest capitalization effect, for each of the reporting period is as follows:

	Year ended 31 December			Three months ended 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Increase in post-tax profit for the year/period	7,957	8,638	7,621	1,400

If interest rates on restricted bank deposits and bank balances had been 50 basis points higher and borrowings had been 100 basis points higher and all other variables were held constant, there would have no impact on the Group's total equity apart from retained profits and the potential effect on profit after tax, after taking into account the interest capitalization effect, for each of the reporting period is as follows:

	Year ended 31 December			Three months ended 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Decrease in post-tax profit for the year/period	(5,571)	(6,249)	(2,615)	(572)

Foreign currency risk

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
US$				
Bank balances and cash	961	960	4,136	32,387
HK$				
Bank balances and cash	–	2,724	178	2,913

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities				
US$				
Bank and other borrowings	679,060	205,729	630,241	234,216
HK$				
Bank and other borrowings	–	95,680	–	–

Sensitivity analysis

The Group is mainly exposed to the fluctuation in US$ and HK$ against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the exchange rates of RMB against relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit for the year/period where RMB strengthens against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year/period.

	Year ended 31 December			Three months ended 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Increase in profit for the year/period (US$)	33,905	10,238	31,305	10,102
Increase (decrease) in profit for the year/period (HK$)	–	4,648	(9)	(146)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure at the end of each reporting period does not reflect the exposure during that particular year/period.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 37.

The Group's credit risk primarily relates to the Group's trade receivables, other receivables, amounts due from related parties, bank balances and restricted bank deposits. The credit risk on bank balances and deposits is limited because the bank balances and restricted bank deposits are maintained with large commercial banks in the PRC.

As at 31 December 2011, 2012 and 2013 and 31 March 2014, 82%, 6% and 73% and 81% of trade receivables were from the fee income from land development for sale, details of which are set out in note 26, and therefore there is concentration of risk as all these receivables would be settled by the local government authorities to the Group after the local government authorities received the proceeds from the successful land buyers. Management of the Group considers that the credit risk is low as land development for sale is sold through public auction, tender or listing to qualified land buyers, whose qualifications are verified by relevant government authorities and buyers have paid a portion of proceeds to the Group as performance bonds which is disclosed as refundable deposits received for land auction, tender and listing in note 30.

In addition, the Group has concentration of credit risk in respect of amounts due from related parties (note 42), other receivables from third party companies (note 27(a) and (b)), and a trade receivable in respect of sale of a whole block of building to an entity controlled by a local government authority (note 26), and other receivables from the same government authority (note 27(c)).The management of the Group is of the view that the amounts due from related parties have similar characteristics and affected similarly by changes in economic condition due to the fact that these parties are closely related to the Group and all are companies and individuals located in Langfang city in the PRC. As at 31 December 2011, 2012 and 2013 and 31 March 2014, the aggregate amounts due from related parties were RMB353,080,000, RMB453,171,000, RMB7,793,000 and RMB5,147,000, respectively. It is the policy of the Group that the concentration of credit risk related to the aggregate amounts due from related parties did not exceed 15% of the total assets of the Group at any time during the Track Record Period. In order to minimize the credit risk on amounts due from related parties, trade receivables and other receivables, the Group's management continuously monitors the credit quality and financial conditions of those debtors and the level of receivables from related parties, trade receivables and other receivables to ensure that follow-up action is taken timely to recover overdue debts. In this regard, the Group's management considers that the Group's credit risk in respect of the above is significantly reduced.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the repossessed properties. Therefore, the management considers the Group would likely recover any loss incurred arising from the guarantees. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is usually higher than the guaranteed amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition, the Group is exposed to credit risk in relation to financial guarantees provided to banks for facilities granted to an independent third party and an associate of the Group. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on (note 37). The Group's exposure in this respect and the credit rating of the counterparty is continuously monitored. As such, the management of the Group is of the view that the credit risk on financial guarantees issued by the Group in this respect is limited.

Liquidity risk

The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

The Company has net current liabilities of RMB251,024,000 as at 31 March 2014. The Company relies on financing provided by the immediate holding company and its subsidiaries for liquidity management purpose.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans and other borrowings with a repayable on demand clause were included in the earliest time band regardless of the probability of the lenders choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

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	Weighted average interest rate	Undiscounted cash flows On demand, or less than one year	Over one year but less than two years	Over two years but less than five years	More than five years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2011							
Trade and other payables	–	790,842	–	–	–	790,842	790,842
Amounts due to related parties	–	503,078	–	–	–	503,078	503,078
Bank and other borrowings							
– Fixed rate	6.14	581,173	117,662	209,383	7,006	915,224	845,591
– Variable rate	6.44	940,866	418,235	451,182	297,224	2,107,507	1,839,219
Financial guarantee contracts	–	443,840	–	–	–	443,840	–
Total		3,259,799	535,897	660,565	304,230	4,760,491	3,978,730
At 31 December 2012							
Trade and other payables	–	1,371,126	–	–	–	1,371,126	1,371,126
Amounts due to related parties	–	541,128	–	–	–	541,128	541,128
Bank and other borrowings							
– Fixed rate	8.92	393,788	118,575	14,929	2,507	529,799	493,330
– Variable rate	6.93	1,701,992	497,143	332,908	212,426	2,744,469	2,495,285
Financial guarantee contracts	–	386,479	–	–	–	386,479	–
Total		4,394,513	615,718	347,837	214,933	5,573,001	4,900,869
At 31 December 2013							
Trade and other payables	–	1,455,229	–	–	–	1,455,229	1,455,229
Amounts due to related parties	–	86,010	–	–	–	86,010	86,010
Bank and other borrowings							
– Fixed rate	11.68	388,945	396,638	750,998	–	1,536,581	1,206,548
– Variable rate	6.88	1,789,247	117,585	237,688	246,467	2,390,987	2,186,568
Financial guarantee contracts	–	647,201	–	–	–	647,201	–
Total		4,366,632	514,223	988,686	246,467	6,116,008	4,934,355
At 31 March 2014							
Trade and other payables	–	1,245,916	–	–	–	1,245,916	1,245,916
Amounts due to related parties	–	44,882	–	–	–	44,882	44,882
Bank and other borrowings							
– Fixed rate	10.03	350,223	666,519	390,084	–	1,406,826	1,185,003
– Variable rate	7.44	1,428,196	75,396	236,291	161,157	1,901,040	1,733,335
– Interest free	–	234,216	–	–	–	234,216	234,216
Financial guarantee contracts	–	673,196	–	–	–	673,196	–
Total		3,976,629	741,915	626,375	161,157	5,506,076	4,443,352

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At 31 March 2014							
Amounts due to subsidiaries	–	16,808	–	–	–	16,808	16,808
Interest free borrowing	–	234,216	–	–	–	234,216	234,216
Total		251,024	–	–	–	251,024	251,024

The amounts included above for bank and other borrowings with variable interest rate is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank borrowings with a repayment on demand clause are included in the "on demand, or less than one year" time band in the above maturity analysis. As at 31 December 2011, 2012 and 2013 and 31 March 2014, the aggregate carrying amounts of these bank borrowings amounted to nil, RMB355,000,000, RMB150,000,000 and RMB150,000,000, respectively. Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand for immediate repayment.

The management of the Group believed that such bank borrowings with a repayment on demand clause as at 31 December 2012 would be repaid within 1 year from that date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows repaid in 2013 amounted to RMB362,900,000.

The bank borrowings with a repayment on demand clause as at 31 December 2013 will be repaid within 1 year after that date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows to be repaid in 2014 will be RMB154,950,000.

Also, such bank borrowings with a repayment on demand clause as at 31 March 2014 will be repaid within 1 year after that date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows to be repaid within 1 year after 31 March 2014 will be RMB152,475,000.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that such amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(c) Fair values of financial instruments

The Group has a financial liability measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial liability is determined (in particular, the valuation technique(s) and inputs used).

Financial instruments	Fair value as at 31 December 2011	Fair value as at 31 December 2012	Fair value as at 31 December 2013	At 31 March 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s) to fair value	Relationship of unobservable input(s)
	RMB'000	RMB'000	RMB'000	RMB'000				
Warrants	225,388	17,248	–	–	Level 3	Black Scholes Model The key inputs are: 1) Price to earnings multiple (P/E multiple) 2) Volatility 3) Time to maturity	1) P/E multiple of 8 2) Volatility of 15%	1) If P/E multiple decreased to 6, it would lead to a decrease in the fair value of the warrants to: 2011: RMB81,162,000 2012: RMB5,559,000 2) If volatility increased to 20%, it would lead to an increase of the fair value of the warrants to: 2011: RMB243,952,000 2012: RMB18,533,000

For other financial assets and financial liabilities, the fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The management of the Group considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortized cost in the Financial Information approximate their fair values.

8. REVENUE

The following is an analysis of the Group's revenue for the years ended 31 December 2011, 2012, 2013 and the three months ended 31 March 2013 and 2014.

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fee income from the sales of land development for sales	693,208	93,085	1,025,443	266,842	174,079
Revenue from the sales of properties	499,500	362,056	177,022	–	134,175
Revenue from property leasing	8,481	12,311	10,439	2,266	4,537
	1,201,189	467,452	1,212,904	269,108	312,791

9. SEGMENT INFORMATION

The management of the Group is identified as the chief operating decision maker (the "CODM") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

Land development	– Land infrastructure development
Property development	– Development and sale of properties
Property leasing	– Lease of properties

Inter-segment sales are transacted with reference to the selling prices used for sales made to third parties at the prevailing market price.

Segment revenue and results

	Land development	Property development	Property leasing	Segment total	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2011						
Segment revenue						
– External segment revenue	693,208	499,500	8,481	1,201,189	–	1,201,189
– Inter-segment revenue	124,146	–	–	124,146	(124,146)	–
Consolidated revenue	817,354	499,500	8,481	1,325,335	(124,146)	1,201,189
Segment results	565,376	142,899	95,143	803,418	(96,176)	707,242
Unallocated profit or loss items:						
Other income						7,939
Other expenses						(230)
Other gains and losses						22,589
Selling and marketing expenses						(10,377)
Administrative expenses						(35,922)
Finance costs						(73,900)
Debt restructuring gain						112,228
Loss in relation to warrants						(55,840)
Profit before tax						673,729

	Land development	Property development	Property leasing	Segment total	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2012						
Segment revenue						
– External segment revenue	93,085	362,056	12,311	467,452	–	467,452
– Inter- segment revenue	101,959	–	–	101,959	(101,959)	–
Consolidated revenue	195,044	362,056	12,311	569,411	(101,959)	467,452
Segment results	84,192	76,913	21,314	182,419	(73,508)	108,911
Unallocated profit or loss items:						
Other income						22,711
Other expenses						(1,697)
Other gains and losses						5,264
Selling and marketing expenses						(8,510)
Administrative expenses						(43,519)
Finance costs						(25,538)
Gain in relation to warrants						208,140
Profit before tax						265,762
For the year ended 31 December 2013						
Segment revenue						
– External segment revenue	1,025,443	177,022	10,439	1,212,904	–	1,212,904
– Inter-segment revenue	19,596	–	–	19,596	(19,596)	–
Consolidated revenue	1,045,039	177,022	10,439	1,232,500	(19,596)	1,212,904
Segment results	813,257	(9,388)	42,155	846,024	(8,481)	837,543
Unallocated profit or loss items:						
Other income						16,574
Other expenses						(5,247)
Other gains and losses						2,574
Selling and marketing expenses						(11,961)
Administrative expenses						(47,476)
Finance costs						(9,794)
Gain in relation to warrants						17,248
Profit before tax						799,461

	Land development	Property development	Property leasing	Segment total	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the three months ended 31 March 2014						
Segment revenue						
– External segment revenue	174,079	134,175	4,537	312,791	–	312,791
– Inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	174,079	134,175	4,537	312,791	–	312,791
Segment results	140,649	34,873	9,527	185,049	–	185,049
Unallocated profit or loss items:						
Other income						358
Other expenses						(16,808)
Selling and marketing expenses						(2,251)
Administrative expenses						(10,958)
Finance costs						(685)
Profit before tax						154,705
For the three months ended 31 March 2013 (unaudited)						
Segment revenue						
– External segment revenue	266,842	–	2,266	269,108	–	269,108
– Inter–segment revenue	–	–	–	–	–	–
Consolidated revenue	266,842	–	2,266	269,108	–	269,108
Segment results	194,289	(14,109)	14,657	194,837	–	194,837
Unallocated profit or loss items:						
Other income						6,206
Other gains and losses						1,289
Selling and marketing expenses						(1,963)
Administrative expenses						(7,288)
Finance costs						(4,897)
Loss in relation to warrants						(162,684)
Profit before tax						25,500

The accounting policies of the operating and reportable segments information are the same as the Group's accounting policies described in note 4 to Section A. Segment results represent the profit (loss) earned by each segment without allocation of certain items incurred for central management purpose, including certain other income, other expenses, other gains and losses, selling and marketing expenses, administrative expenses, financial costs, debt restructuring gain and loss or gain in relation to warrants. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities

	Land development	**Property development**	**Property leasing**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2011				
Segment assets	1,619,183	2,211,100	383,700	4,213,983
Inter-segment elimination				(377,133)
Unallocated assets:				
Property, plant and equipment				31,116
Deferred tax assets				20,180
Prepayments and other receivables				6,640
Income tax recoverable				279
Amounts due from related parties				58,686
Bank balances and cash				232,708
Total assets				4,186,459
Segment liabilities	1,126,904	2,717,445	–	3,844,349
Inter-segment elimination				(377,133)
Unallocated liabilities:				
Other payables				17,077
Amounts due to related parties				135,131
Warrants				225,388
Other loans				543,591
Current tax liabilities				58,450
Deferred tax liabilities				30,323
Total liabilities				4,477,176

	Land development	Property development	Property leasing	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2012				
Segment assets	2,041,899	2,897,597	698,100	5,637,596
Inter-segment elimination				(390,924)
Unallocated assets:				
Property, plant and equipment				29,068
Deferred tax assets				20,092
Prepayments and other receivables				29,203
Income tax recoverable				21,643
Amounts due from related parties				108,760
Bank balances and cash				29,877
Total assets				5,485,315
Segment liabilities	1,714,573	3,738,391	–	5,452,964
Inter-segment elimination				(390,924)
Unallocated liabilities:				
Other payables				21,538
Amounts due to related parties				136,515
Warrants				17,248
Other loans				195,700
Current tax liabilities				81,439
Deferred tax liabilities				35,649
Total liabilities				5,550,129
As at 31 December 2013				
Segment assets	2,808,155	3,402,561	730,000	6,940,716
Inter-segment elimination				(396,928)
Unallocated assets:				
Property, plant and equipment				27,688
Deferred tax assets				21,278
Prepayments and other receivables				63,007
Income tax recoverable				25,794
Amounts due from related parties				5,530
Bank balances and cash				66,848
Total assets				6,753,933
Segment liabilities	2,048,388	4,237,166	–	6,285,554
Inter-segment elimination				(396,928)
Unallocated liabilities:				
Other payables				19,318
Amounts due to related parties				8,936
Current tax liabilities				113,938
Deferred tax liabilities				25,113
Total liabilities				6,055,931

	Land development	Property development	Property leasing	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 March 2014				
Segment assets	2,723,054	3,078,274	735,000	6,536,328
Inter-segment elimination				(413,784)
Unallocated assets:				
Property, plant and equipment				27,196
Deferred tax assets				23,841
Prepayments and other receivables				67,688
Income tax recoverable				9,849
Amounts due from related parties				3,051
Bank balances and cash				83,159
Total assets				6,337,328
Segment liabilities	2,081,262	3,620,157	–	5,701,419
Inter-segment elimination				(413,784)
Unallocated liabilities:				
Other payables				49,740
Amounts due to related parties				5,385
Current tax liabilities				141,769
Deferred tax liabilities				22,702
Total liabilities				5,507,231

For the purposes of assessing segment performance and allocating resources between segments:

- Other than those incurred for central management purpose, including certain property, plant and equipment, deferred tax assets, certain prepayments and other receivables, income tax recoverable, certain amounts due from related parties and certain bank balances and cash, all other assets are allocated to segment assets; and

- Other than those incurred for central management purpose, including certain other payables, certain amounts due to related parties, warrants, certain other loans, current tax liabilities and deferred tax liabilities, all other liabilities are allocated to segment liabilities.

Other segment information

Year ended 31 December 2011

Amounts included in the measurement of segment profit or loss or segment assets

	Land development	Property development	Property leasing	Segment total	Elimination	Unallocated	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Addition to non-current assets	1,693	426	58,643	60,762	–	674	61,436
Interest in associates	52,522	–	–	52,522	–	–	52,522
Utilization of provision	48,579	–	–	48,579	–	–	48,579
Interest income	84,766	2,321	–	87,087	(61,665)	7,939	33,361
Interest expense	68,581	2,028	–	70,609	(61,665)	73,900	82,844
Gain on disposal of property, plant and equipment	24	40	–	64	–	16	80
Share of loss of associates	38	–	–	38	–	–	38
Depreciation	1,855	354	–	2,209	–	2,654	4,863
Prepaid lease payments released to profit or loss	–	75	–	75	–	–	75
Change in fair value of investment properties	–	–	86,957	86,957	–	–	86,957

Year ended 31 December 2012

Amounts included in the measurement of segment profit or loss or segment assets

	Land development	Property development	Property leasing	Segment total	Elimination	Unallocated	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Addition to non-current assets	520	63	305,236	305,819	–	523	306,342
Interest in associates	50,731	70,920	–	121,651	–	–	121,651
Interest in a joint venture	94,602	–	–	94,602	–	–	94,602
Utilization of provision	71,433	–	–	71,433	–	–	71,433
Interest income	116,172	2,782	–	118,954	(86,905)	22,711	54,760
Interest expense	110,343	35,169	–	145,512	(86,905)	25,538	84,145
Gain on disposal of property, plant and equipment	–	204	–	204	–	85	289
Gain on disposal of a subsidiary	–	15,325	–	15,325	–	–	15,325
Share of loss of associates	1,791	–	–	1,791	–	–	1,791
Share of loss of a joint venture	190	–	–	190	–	–	190
Depreciation	1,598	380	–	1,978	–	2,710	4,688
Prepaid lease payments released to profit or loss	–	75	–	75	–	–	75
Change in fair value of investment properties	–	–	9,164	9,164	–	–	9,164

Year ended 31 December 2013

Amounts included in the measurement of segment profit or loss or segment assets

	Land development	Property development	Property leasing	Segment total	Elimination	Unallocated	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Addition to non-current assets	2,254	–	–	2,254	–	900	3,154
Interest in associates	49,392	69,641	–	119,033	–	–	119,033
Interest in a joint venture	93,069	–	–	93,069	–	–	93,069
Interest income	183,780	3,337	–	187,117	(104,046)	16,574	99,645
Interest expense	154,703	8,954	–	163,657	(104,046)	9,794	69,405
Gain on disposal of property, plant and equipment	–	–	–	–	–	134	134
Gain on disposal of subsidiary	–	3,241	–	3,241	–	–	3,241
Impairment losses on a trade receivable in profit or loss	–	1,409	–	1,409	–	–	1,409
Share of loss of associates	1,339	1,279	–	2,618	–	–	2,618
Share of loss of a joint venture	1,533	–	–	1,533	–	–	1,533
Depreciation	1,087	159	–	1,246	–	2,183	3,429
Prepaid lease payments released to profit or loss	–	75	–	75	–	–	75
Change in fair value of investment properties	–	–	31,900	31,900	–	–	31,900

Three months ended 31 March 2014

Amounts included in the measurement of segment profit or loss or segment assets

	Land development	Property development	Property leasing	Segment total	Elimination	Unallocated	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Addition to non-current assets	55	–	–	55	–	30	85
Interest in associates	50,053	68,264	–	118,317	–	–	118,317
Interest income	29,514	97	–	29,611	(21,969)	358	8,000
Interest expense	55,786	–	–	55,786	(21,969)	685	34,502
Gain on disposal of property, plant and equipment	–	32	–	32	–	–	32
Gain on acquisition of the remaining equity interest in the joint venture	1,515	–	–	1,515	–	–	1,515
Share of (gain) loss of associates	(661)	1,377	–	716	–	–	716
Depreciation	374	34	–	408	–	511	919
Prepaid lease payments released to profit or loss	–	19	–	19	–	–	19
Change in fair value of investment properties	–	–	5,000	5,000	–	–	5,000

Three months ended 31 March 2013 (unaudited)

Amounts included in the measurement of segment profit or loss

	Land development	Property development	Property leasing	Segment total	Elimination	Unallocated	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	39,892	707	–	40,599	(17,240)	6,206	29,565
Interest expense	25,634	6,579	–	32,213	(17,240)	4,897	19,870
Gain on disposal of property, plant and equipment	–	39	–	39	–	–	39
Share of loss of associates	253	769	–	1,022	–	–	1,022
Share of loss of a joint venture	13	–	–	13	–	–	13
Depreciation	355	142	–	497	–	533	1,030
Prepaid lease payments released to profit or loss	–	19	–	19	–	–	19
Change in fair value of investment properties	–	–	12,400	12,400	–	–	12,400

Information about major customers

Revenue from customers contributing over 10% of the Group's revenue for each of the reporting period are as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A[2]	N/A[1]	N/A[1]	438,505	N/A[1]	N/A[1]
Customer B[2]	N/A[1]	N/A[1]	269,499	N/A[1]	N/A[1]
Customer C[2]	N/A[1]	N/A[1]	165,382	165,382	N/A[1]
Customer D[3]	N/A[1]	214,397	N/A[1]	N/A[1]	N/A[1]
Customer E[2]	319,071	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Customer F[2]	184,976	N/A[1]	N/A[1]	77,468	N/A[1]
Customer G[2]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	174,079
	504,047	214,397	873,386	242,850	174,079

Notes:

1. The corresponding revenue did not contribute over 10% of the Group's revenue.
2. Fee income from land development.
3. Revenue from property development, which related to the sale of a whole block of building to an entity controlled by the local government authority, details of which are set of in note 26.

The Group's revenue from external customers by location of operations of the relevant group entities is derived solely in the PRC. Non-current assets of the Group by location of assets are all located in the PRC.

10. OTHER INCOME AND EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Other income:					
Imputed interest income on interest-free advances to related parties	31,591	39,821	81,091	18,828	–
Interest income on trade and other receivables	433	13,947	5,420	3,496	507
Interest income on bank deposits	1,337	992	13,134	7,241	7,493
Government grants *(note (i))*	8,653	11,969	–	–	–
	42,014	66,729	99,645	29,565	8,000
Other expenses:					
Penalty charges *(note (ii))*	(130)	(656)	(5,381)	–	(41)
Donations	(100)	(1,112)	(82)	–	–
Listing expenses	–	–	(4,734)	–	(16,808)
Others	(70)	(938)	–	–	–
	(300)	(2,706)	(10,197)	–	(16,849)

Notes:

(i) During the years ended 31 December 2011 and 2012, the Group received certain government grants in connection with the business development of the Group in the local area. These government grants were recorded as other income directly as there were no unfulfilled conditions or contingencies relating to these grants as at the end of the relevant reporting period.

(ii) Amounts mainly represented penalty charged to the Group for early commencement of construction activities without obtaining appropriate approval documents from relevant government authorities.

11. OTHER GAINS AND LOSSES

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net gains and losses:					
Exchange gains, net	32,777	5,831	10,286	1,290	4,346
Gains on disposal/deemed disposal of subsidiaries *(note 39(b)(c))*	–	15,325	3,241	–	–
Gain on acquisition of the remaining equity interest in the joint venture *(note 40)*	–	–	–	–	1,515
Gain on disposal of property, plant and equipment, net	80	289	134	39	32
Impairment on a trade receivable *(note 26)*	–	–	(1,409)	–	–
Fair value adjustment loss on interest-free advances to related parties	(11,917)	(5,965)	(3,552)	(270)	–
Compensation expenses *(note i)*	(3,047)	–	(358)	–	–
Others	(929)	286	2,489	340	(203)
	16,964	15,766	10,831	1,399	5,690

Note:

(i) Compensation expenses represented amounts paid to customers for late delivery of properties by the Group.

12. FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interests on bank loans wholly repayable					
– within five years	(34,880)	(109,790)	(118,041)	(35,697)	(47,586)
– after five years	(16,916)	(14,248)	(11,135)	(3,439)	(2,456)
Interests on other loans wholly repayable					
– within five years	(133,859)	(108,584)	(133,883)	(21,423)	(30,045)
– after five years	(1,224)	(596)	–	–	–
Total borrowing costs	(186,879)	(233,218)	(263,059)	(60,559)	(80,087)
Less: Amount capitalized in land development for sale	17,842	26,377	40,653	7,130	12,697
Amount capitalized in properties under development for sale	81,400	117,674	153,001	33,559	32,888
Amounts capitalized in investment properties under development	4,793	5,022	–	–	–
	(82,844)	(84,145)	(69,405)	(19,870)	(34,502)

Borrowing costs capitalized during the Track Record Period arose on specific borrowings.

13. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Staff costs					
Salaries, wages and other benefits	21,775	28,981	38,059	6,627	11,629
Contribution to retirement benefits scheme	4,456	6,170	8,199	1,550	2,466
Total staff costs	26,231	35,151	46,258	8,177	14,095
Less: Amount capitalized in land development for sale	(4,239)	(4,226)	(5,172)	(1,011)	(1,260)
Amount capitalized in properties under development for sale	(2,682)	(3,211)	(5,498)	(998)	(1,263)
	19,310	27,714	35,588	6,168	11,572
Rental income from property leasing classified as investment properties	8,481	12,311	10,439	2,266	4,537
Less: Direct operating expense for property leasing	(295)	(161)	(184)	(59)	(60)
	8,186	12,150	10,255	2,207	4,477
Cost of properties sold	357,341	262,484	175,624	–	77,063
Cost of land development for sale	217,673	74,338	218,904	84,665	26,228
Operating lease rental expense	4,518	3,787	4,424	915	1,541
Auditor's remuneration	236	3,129	1,839	–	–
Depreciation of property, plant and equipment	4,863	4,688	3,429	1,030	919
Prepaid lease payments released to profit or loss	75	75	75	19	19
Listing expenses	–	–	4,734	-	16,808

14. EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS

The emoluments paid or payable to the Directors were as follows:

	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary performance-related bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2011					
Wang Jianjun *(Note)*	–	296	5	–	301
Yang Yun	–	155	5	99	259
Wang Yagang	–	40	5	24	69
	–	491	15	123	629

	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary performance-related bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012					
Wang Jianjun *(Note)*	–	299	5	–	304
Yang Yun	–	159	5	100	264
Wang Yagang	–	44	5	26	75
	–	502	15	126	643

	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary performance-related bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2013					
Wang Jianjun *(Note)*	–	300	5	–	305
Yang Yun	–	160	5	100	265
Wang Yagang	–	50	5	26	81
	–	510	15	126	651

	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary performance-related bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Three months ended 31 March 2014					
Wang Jianjun *(Note)*	–	100	1	–	101
Yang Yun	–	55	1	35	91
Wang Yagang	–	37	1	22	60
Huang Peikun	–	191	–	127	318
	–	383	3	184	570

	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary performance-related bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Three months ended 31 March 2013 (unaudited)					
Wang Jianjun *(Note)*	–	74	1	–	75
Yang Yun	–	37	1	24	62
Wang Yagang	–	12	1	6	19
	–	123	3	30	156

Note: Mr. Wang Jianjun is also the president of the Company and his emoluments disclosed above also include those for services rendered by him as the president.

Bonuses are calculated based on the Group's or respective member's performance for such financial year/period.

Five highest paid individuals

The five highest paid individuals include two individuals disclosed as the Directors above for the three years ended 31 December 2013 and three individuals disclosed as the Directors above for the three-month periods ended 31 March 2013 and 2014. The emoluments of the remaining three highest paid individuals for the three years ended 31 December 2013 and two highest paid individuals for the three-month periods ended 31 March 2013 and 2014 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries	475	480	487	75	112
Contribution to retirement benefit scheme	12	13	15	3	4
Discretionary performance-related bonus	305	304	305	48	69
	792	797	807	126	185

Bonuses are calculated based on the Group's or respective member's performance for such financial year/period.

Each of the above highest paid individuals in the Group was with emoluments below HK$1,000,000 for respective year/period.

During the Track Record Period, none of the Directors nor the five highest paid individuals waived any emoluments and no emoluments were paid by the Group to any of the Directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. INCOME TAX EXPENSE

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
– PRC enterprise income tax	(37,376)	(12,632)	(37,236)	(15,900)	(39,982)
– Land appreciation tax *(note)*	(19,057)	(19,702)	(10,486)	–	(18,420)
	(56,433)	(32,334)	(47,722)	(15,900)	(58,402)
Deferred tax *(note 23)*	(30,379)	(5,414)	11,722	6,138	4,974
	(86,812)	(37,748)	(36,000)	(9,762)	(53,428)

Note: Land appreciation tax of a property project developed and completed before the beginning of the Track Record Period was finalized in July 2013 resulting in land appreciation tax of RMB8,936,000.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the Track Record Period. No provision for Hong Kong Profits Tax has been made in the Financial Information as the Group's subsidiaries in Hong Kong had no assessable profit.

Certain subsidiaries of the Group, Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun, were subject to the PRC enterprise income tax at a tax rate of 25% on a verification collection basis at deemed profit which represents 10% or 15% of its revenue after adjusting the non-deductible subsidies paid to customers (enterprises establishing their businesses in Longhe Park) for each of the years ended 31 December 2011, 2012 and 2013, respectively, in accordance with authorized tax valuation method (核定徵收) approved by local tax bureau pursuant to the applicable PRC tax regulations (the "Deemed Profit Basis"). From 1 January 2014, the three subsidiaries of the Group above no longer enjoyed the tax benefit of the authorized tax valuation method (核定徵收).

Other than the preferential tax treatment of Langfang Sheng Shi Construction, Langfang Hongsheng and Langfang Yonglun mentioned above, the PRC enterprise income tax rate for the PRC subsidiaries of the Group is 25% from 1 January 2008 onwards.

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

The tax charge can be reconciled to profit before tax as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Profit before tax	673,729	265,762	799,461	25,500	154,705
Tax at PRC enterprise income tax rate of 25%	(168,432)	(66,441)	(199,865)	(6,375)	(38,676)
Effect on Deemed Profit Basis of enterprise income tax	95,930	1,990	177,848	39,457	–
Income not taxable for tax purposes	34,553	53,363	5,901	–	–
Expenses not deductible for tax purposes	(34,394)	(11,716)	(11,299)	(42,575)	(740)
Tax effect of tax losses not recognized as deferred tax assets	(176)	(168)	(401)	(77)	(18)
Share of losses of associates	–	–	(320)	(192)	(179)
LAT	(19,057)	(19,702)	(10,486)	–	(18,420)
Tax effect of LAT	4,764	4,926	2,622	–	4,605
Income tax expense	(86,812)	(37,748)	(36,000)	(9,762)	(53,428)

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings					
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	586,917	228,014	763,461	15,738	101,277
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share					
– impact of preferred shares issued by Shing Cheong Holdings	(26,062)	N/A	N/A	N/A	N/A
– impact of warrants issued by Shing Cheong Holdings	–	(211,256)	(74,787)	–	N/A
Profit for the year/period attributable to owners of the Company for the purpose of diluted earnings per share	560,855	16,758	688,674	15,738	N/A
Number of shares					
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,265,671,642	1,265,671,642	1,265,671,642	1,265,671,642	1,265,671,642

The number of ordinary shares for the purposes of calculating basic earnings per share and diluted earnings per share for the Track Record Period and for the three months ended 31 March 2013 has been adjusted for the effect of the Reorganization (set out in note 2 to Section A) and the Capitalization Issue (as defined in note (e) to Section D).

The computation of the diluted earnings per share for the year ended 31 December 2011 and the three months ended 31 March 2013 does not assume the exercise of the warrants issued by Shing Cheong Holdings (note 32 to Section A) as the effect of their exercise on earnings per share is anti-dilutive. No diluted earnings per share is presented for the three months ended 31 March 2014 as there was no potential ordinary shares in issue for that period.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Furniture, fittings and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 January 2011	33,295	9,260	4,132	46,687
Additions	991	967	835	2,793
Disposals	(116)	(301)	(9)	(426)
At 31 December 2011	34,170	9,926	4,958	49,054
Additions	–	487	619	1,106
Disposals	–	(857)	(4)	(861)
Disposal of a subsidiary *(note 39(b))*	–	(157)	(45)	(202)
At 31 December 2012	34,170	9,399	5,528	49,097
Additions	–	2,076	1,078	3,154
Disposals	–	(2,602)	(70)	(2,672)
Disposal of a subsidiary *(note 39(c))*	–	(2,193)	–	(2,193)
At 31 December 2013	34,170	6,680	6,536	47,386
Additions	–	–	85	85
Disposals	–	(40)	–	(40)
At 31 March 2014	34,170	6,640	6,621	47,431
Depreciation				
At 1 January 2011	(1,149)	(2,331)	(2,596)	(6,076)
Provided for the year	(2,160)	(1,876)	(827)	(4,863)
Eliminated on disposals	–	126	5	131
At 31 December 2011	(3,309)	(4,081)	(3,418)	(10,808)
Provided for the year	(2,196)	(1,744)	(748)	(4,688)
Eliminated on disposals	–	586	1	587
Disposal of subsidiary *(note 39(b))*	–	64	–	64
At 31 December 2012	(5,505)	(5,175)	(4,165)	(14,845)
Provided for the year	(1,546)	(1,251)	(632)	(3,429)
Eliminated on disposals	–	421	41	462
Disposal of a subsidiary *(note 39(c))*	–	1,148	–	1,148
At 31 December 2013	(7,051)	(4,857)	(4,756)	(16,664)
Provided for the period	(387)	(349)	(183)	(919)
Eliminated on disposals	–	32	–	32
At 31 March 2014	(7,438)	(5,174)	(4,939)	(17,551)
Carrying amount				
At 31 December 2011	30,861	5,845	1,540	38,246
At 31 December 2012	28,665	4,224	1,363	34,252
At 31 December 2013	27,119	1,823	1,780	30,722
At 31 March 2014	26,732	1,466	1,682	29,880

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

Buildings	4.75%–4.85 %
Motor vehicles	19%–19.4%
Furniture, fittings and equipment	19%–19.4%

The above buildings are situated on land in the PRC under medium-term leases (note 19).

18. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under development	Total
	RMB'000	RMB'000	RMB'000
Fair value			
At 1 January 2011	114,400	123,700	238,100
Additions during the year	–	58,643	58,643
Transfer	22,795	(22,795)	–
Increase in fair value			
– Unrealized gain	70,105	16,852	86,957
At 31 December 2011	207,300	176,400	383,700
Additions during the year	–	305,236	305,236
Transfer	451,336	(451,336)	–
Increase (decrease) in fair value			
– Unrealized gain (loss)	12,264	(3,100)	9,164
At 31 December 2012	670,900	27,200	698,100
Increase in fair value			
– Unrealized gain	26,800	5,100	31,900
At 31 December 2013	697,700	32,300	730,000
Increase in fair value			
– Unrealised gain	5,000	–	5,000
At 31 March 2014	702,700	32,300	735,000

The carrying amounts of investment properties, which are all situated on land in Langfang city in the PRC, shown above comprise:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Medium-term leases	370,500	685,000	716,200	721,100
Long-term leases	13,200	13,100	13,800	13,900
	383,700	698,100	730,000	735,000

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties were arrived at on the basis of a valuation carried out at the end of respective reporting periods, by Savills Valuation and Professional Services Limited ("Savills Valuation"), which is located at 23/F, Two Exchange Square, Central, Hong Kong, an independent qualified professional valuer not connected with the Group.

The fair value of completed investment properties as at 31 December 2011, 2012 and 2013 and 31 March 2014 are determined based on the income capitalization method whereby the rental income of contractual tenancies are capitalized for the unexpired term of tenancies. The reversionary market rent after the expiry of tenancies is also taken into account. The fair value of investment properties under construction relating to a piece of land yet to be developed as at 31 December 2011, 2012 and 2013 and 31 March 2014 are determined based on direct comparison method by reference to market comparables and adjusted to reflect the conditions and locations of the subject property. The fair value of investment properties under construction for other projects as at 31 December 2011 is determined based on residual method by reference to market comparables as available on the market and deducted the unexpended estimated construction cost to completion and due allowance for developer's profit with the assumption that the property would have been completed in accordance with similar class of development in the region. All these properties were completed as at 31 December 2012 and 2013 and 31 March 2014.

In measuring the fair value of the properties, the highest and best use of the properties is their current use.

As at 31 December 2011, 2012 and 2013 and 31 March 2014, the Group's investment properties with carrying amounts of approximately RMB201,266,000, RMB184,072,000, RMB193,764,000 and RMB194,670,000, respectively, were pledged to banks to secure certain banking facilities granted to the Group, details of which are set out in note 31(a).

As at 31 December 2013 and 31 March 2014, the Group's investment properties with a carrying amount of approximately RMB523,700,000 and RMB528,100,000 were pledged to a trust fund company to secure a loan of RMB300,000,000 obtained from this trust fund company, details of which are set out in note 31 (b)(i).

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized based on the degree to which the inputs to the fair value measurements is observable.

At 31 December 2011:

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties – completed	Level 3	Income capitalization method (term and reversionary approach)	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of range from 4% to 5%.	A slight increase in the term yield used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		The key inputs are (1) Term yield; (2) Reversionary yield; (3) Market unit rent of individual unit; and (4) Level adjustment	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of range from 4.5% to 5.5%.	A slight increase in the reversionary yield used would result in a significant decrease in the fair value measurement of the investment properties and vice versa.
			Market unit rent, using direct market comparables and taking into account of time, location and other individual factors such as size and quantum of properties, of range from RMB0.7/sq.m./day to RMB1.7/sq.m./day.	A slight increase in the market unit rent used would result in a significant increase in the fair value measurement of the investment properties and vice versa.
			Level adjustment on individual floors of the property range from 60% to 70% on specific level.	An increase in the level adjustment on individual floors used would result in a decrease in the fair value measurement of the investment properties by a lower percentage, and vice versa.

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties – under construction (a piece of land yet to be developed)	Level 3	Direct comparison method The key input is: (1) Site unit rate	Site unit rate, using direct market comparables and taking into account of time, location and individual factors such as size and quantum of properties, of RMB470/sq.m.	An increase in the site unit rate used would result in a same percentage increase in the fair value measurement of the investment properties, and vice versa.
Investment properties – under construction (other uncompleted properties)	Level 3	Residual method The key inputs are: (1) Capitalization rate; (2) Daily unit rent; (3) Level adjustment; and (4) Construction costs	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the properties, prevailing market condition, of range from 4% to 5.5%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Daily unit rent, using direct market comparables and taking into account of time, location and other individual factors such as size and quantum of properties, of range from RMB0.6/sq.m/day to RMB1.4/sq.m/day.	A slight increase in the daily unit rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			Level adjustment on individual floors of the property range from 55 % to 75 % on specific level.	An increase in the level adjustment on individual floors used would result in a decrease in the fair value measurement of the investment properties by a lower percentage, and vice versa.
			Construction costs, taking into account management's experience and estimated budget.	An increase in the unexpended construction costs used would result in a decrease in the fair value measurement of the investment properties by approximately same percentage, and vice versa.

At 31 December 2012:

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties – completed	Level 3	Income capitalization method (term and reversionary approach)	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of range from 3.5% to 5%.	A slight increase in the term yield used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		The key inputs are (1) Term yield; (2) Reversionary yield; and (3) Market unit rent of individual unit; and (4) Level adjustment	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of range from 4% to 5.5%.	A slight increase in the reversionary yield used would result in a significant decrease in the fair value measurement of the investment properties and vice versa.
			Market unit rent, using direct market comparables and taking into account of time, location and other individual factors such as size and quantum of properties, of range from RMB0.6/sq.m./day to RMB1.6/sq.m./day.	A slight increase in the market unit rent used would result in a significant increase in the fair value measurement of the investment properties and vice versa.
			Level adjustment on individual floors of the property range from 55% to 75% on specific level.	An increase in the level adjustment on individual floors used would result in a decrease in the fair value measurement of the investment properties by a lower percentage, and vice versa.
Investment properties – under construction (a piece of land yet to be developed)	Level 3	Direct comparison method The key input is: (1) Site unit rate	Site unit rate, using direct market comparables and taking into account of time, location and individual factors such as size and quantum of properties, of RMB422/sq.m.	An increase in the site unit rate used would result in a same percentage increase in the fair value measurement of the investment properties, and vice versa.

At 31 December 2013:

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties – completed	Level 3	Income capitalization method (term and reversionary approach)	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of range from 3.5% to 5%.	A slight increase in the term yield used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		The key inputs are (1) Term yield; (2) Reversionary yield; (3) Market unit rent of individual unit; and (4) Level adjustment	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of range from 4% to 5.5%.	A slight increase in the reversionary yield used would result in a significant decrease in the fair value measurement of the investment properties and vice versa.
			Market unit rent, using direct market comparables and taking into account of time, location and other individual factors such as size and quantum of properties, of range from RMB0.6/sq.m./day to RMB1.8/sq.m./day.	A slight increase in the market unit rent used would result in a significant increase in the fair value measurement of the investment properties and vice versa.
			Level adjustment on individual floors of the property range from 55% to 75% on specific level.	An increase in the level adjustment on individual floors used would result in a decrease in the fair value measurement of the investment properties by a lower percentage, and vice versa.
Investment properties – under construction (a piece of land yet to be developed)	Level 3	Direct comparison method The key input is: (1) Site unit rate	Site unit rate, using direct market comparables and taking into account of time, location and individual factors such as size and quantum of properties, of RMB501/sq.m.	An increase in the site unit rate used would result in a same percentage increase in the fair value measurement of the investment properties, and vice versa.

At 31 March 2014

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties – completed	Level 3	Income capitalization method (term and reversionary approach)	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of range from 3.5% to 5%.	A slight increase in the term yield used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		The key inputs are (1) Term yield; (2) Reversionary yield; (3) Market unit rent of individual unit; and	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of range from 4% to 5.5%	A slight increase in the reversionary yield used would result in a significant decrease in the fair value measurement of the investment properties and vice versa.
		(4) Level adjustment	Market unit rent, using direct market comparables and taking into account of time, location and other individual factors such as size and quantum of properties, of range from RMB0.5/sq.m./day to RMB1.9 /sq.m./day.	A slight increase in the market unit rent used would result in a significant increase in the fair value measurement of the investment properties and vice versa.
			Level adjustment on individual floors of the property range from 55% to 75% on specific level.	An increase in the level adjustment on individual floors used would result in a decrease in the fair value measurement of the investment properties by a lower percentage, and vice versa.
Investment properties – under construction (a piece of land yet to be developed)	Level 3	Direct comparison method The key input is: (1) Site unit rate	Site unit rate, using direct market comparables and taking into account of time, location and individual factors such as size and quantum of properties, of RMB501/sq.m.	An increase in the site unit rate used would result in a same percentage increase in the fair value measurement of the investment properties, and vice versa.

Fair value measurements and valuation processes

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group worked closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

19. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments in respect of land use rights for the lands, which are all situated in the PRC, is analyzed as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
At beginning of the year/period	2,503	2,428	2,353	2,353	2,278
Released to profit or loss as expense	(75)	(75)	(75)	(19)	(19)
At the end of the year/period	2,428	2,353	2,278	2,334	2,259

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Analysis for reporting purposes as:				
Current	75	75	75	75
Non-current	2,353	2,278	2,203	2,184
	2,428	2,353	2,278	2,259

Prepaid lease payments represent land use rights in the PRC under medium-term lease.

20. INTERESTS IN ASSOCIATES

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cost of investments in associates – unlisted	63,300	134,220	134,220	134,220
Share of post-acquisition profits (losses) net of dividends received	2,059	268	(2,350)	(3,066)
Impairment loss *(note a)*	(12,837)	(12,837)	(12,837)	(12,837)
	52,522	121,651	119,033	118,317

Summarized financial information in respect of the Group's material associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs for equity accounting purpose.

Kaihong	At 31 December 2012	At 31 December 2013	At 31 March 2014
	RMB'000	RMB'000	RMB'000
Current assets	12,115	14,620	30,806
Non-current assets	499,130	565,078	500,397
Current liabilities	(214,579)	(52,295)	(68,656)
Non-current liabilities	(60,266)	(295,266)	(235,000)
Net assets	236,400	232,137	227,547

	Year ended 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Total revenue	–	3,851	–	11,219
Loss for the year/period	–	(4,262)	(2,564)	(4,590)
Group's share of losses of the associate	–	(1,279)	(769)	(1,377)
Dividends received from the associate	–	–	–	–

Reconciliation of the above summarized financial information to the carrying amount of the interest in Kaihong recognized in the Financial Information:

	At 31 December 2012	At 31 December 2013	At 31 March 2014
	RMB'000	RMB'000	RMB'000
Net assets of Kaihong	236,400	232,137	227,547
Proportion of the Group's ownership interest in Kaihong	30%	30%	30%
Carrying amount of the Group's interest in Kaihong	70,920	69,641	68,264

Aggregate information of associates that are not individually material

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Group's share of (losses) gains losses of associates	(38)	(1,791)	(1,339)	(253)	661
Aggregate carrying amount of the Group's interests in these associates	52,522	50,731	49,392	50,478	50,053

(i) There is no unrecognized share of losses of any associate.

(ii) Other than interest in Kaihong, details of which are set out in note 39(b), there is no change in the Group's ownership interest in any associate during the Track Record Period.

(iii) There is no significant restriction on the ability of the associates to transfer funds to the Group in form of cash dividends, or to repay advances made by the Group.

(iv) Except for the investment in Kaihong which is a significant associate of the Group engaging in property leasing activities, all other associates of the Group are not significant to the Group. For the purpose of establishing further business relationship and strategic cooperation with the majority shareholder of Kaihong, the Group retains 30% interest in Kaihong for investment purpose.

Note:

a. During the year ended 31 December 2010, as requested by other equity holders of Huayuan and agreed by the Group, Langfang Sheng Shi Construction unilaterally made additional cash contribution to Huayuan as further capital injection into Huayuan amounting to RMB19,750,000 with shareholding interest in Huayuan unchanged. An impairment loss amounting to RMB12,837,000 was recognized by the Group based on an estimation of the recoverable amount of the Group's interest in Huayuan during the year ended 31 December 2010.

21. INTEREST IN A JOINT VENTURE

	At 31 December 2012	At 31 December 2013	At 31 March 2014
	RMB'000	RMB'000	RMB'000
Cost of an unlisted investment	94,792	94,792	–
Share of loss	(190)	(1,723)	–
	94,602	93,069	–

For strategic business development purpose, the Group established the joint venture during 2012 with another joint venture partner for further expansion of its land development activities. The Group acquired the remaining 50% equity interest in the joint venture during the period ended 31 March 2014, details of which are set out in note 40.

The joint venture is accounted for using the equity method in this Financial Information.

Summarized financial information in respect of the Group's 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 IFRSs for equity accounting purpose.

	At 31 December 2012	At 31 December 2013	At 31 March 2014
	RMB'000	RMB'000	RMB'000
Current assets	189,203	186,261	–
Non-current assets	–	–	–
Current liabilities	–	(124)	–
Net assets	189,203	186,137	–

The above amounts of assets and liabilities including the following:

Cash and cash equivalents	95,254	86,036	–
Current financial liabilities (excluding trade and other payables)	–	–	–
Non-current financial liabilities (excluding trade and other payables)	–	–	–

	Year ended 31 December		Three months ended 31 March
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Total revenue	–	–	–
Loss and total comprehensive loss for the year/period	(380)	(3,066)	–
Dividends received from the joint venture	–	–	–

The above loss for the year/period includes the following:

Depreciation and amortization	–	–	–
Interest income	193	51	–
Interest expense	–	–	–
Income tax expense	–	–	–

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture recognized in the Financial Information.

	At 31 December		At 31 March
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Net assets of Langfang Goodman Vast Park Service	189,203	186,137	–
Proportion of the Group's ownership interest in Langfang Goodman Vast Park Service	50%	50%	–
Carrying amount of the Group's interest in Langfang Goodman Vast Park Service	94,602	93,069	–

(i) There is no unrecognized share of losses of the joint venture.

(ii) Except for the acquisition of the remaining equity interest in the joint venture by the Group (note 40), there is no change in the Group's ownership interest in the joint venture during the Track Record Period.

(iii) There is no significant restriction on the ability of the joint venture to transfer funds to the Group in form of cash dividends.

The Group's joint venture has not yet commenced its principal business operations during the years ended 31 December 2012 and 2013.

22. AVAILABLE-FOR-SALE INVESTMENT

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investment, at cost	5,500	5,500	–	–
Less: Impairment	(1,216)	(1,216)	–	–
	4,284	4,284	–	–
Analysis for reporting purposes as:				
Current	–	–	–	–
Non-current	4,284	4,284	–	–
	4,284	4,284	–	–

The Group held 20% equity interest in an unlisted company but the Group was not able to assign any director in the board of directors of this investee to exercise significant influence over this investee. As such, this investment is accounted for as an available- for- sale investment of the Group. The unlisted investment is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimate is so significant that the management of the Group is of the opinion that its fair value cannot be measured reliably. This unlisted investment was disposed of during 2013 through the disposal of a subsidiary (note 39(c)).

23. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	20,180	20,092	21,278	23,841
Deferred tax liabilities	(30,323)	(35,649)	(25,113)	(22,702)
	(10,143)	(15,557)	(3,835)	1,139

The deferred tax assets (liabilities) recognized by the Group and movements thereon during the Track Record Period are as follows:

	Fair value change on investment properties	Temporary differences on property sale and cost of sales	Tax losses	Accrued payroll	Impairment of assets	Unrealized profit on intra-group transactions	Other	LAT	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	(17,897)	9,502	10,117	188	6,616	13,283	–	(1,573)	20,236
(Charge) credit to profit or loss	(21,739)	(6,090)	(9,224)	(82)	–	2,796	–	3,960	(30,379)
At 31 December 2011	(39,636)	3,412	893	106	6,616	16,079	–	2,387	(10,143)
(Charge) credit to profit or loss	(2,291)	(2,822)	79	18	–	(167)	(3,831)	3,600	(5,414)
At 31 December 2012	(41,927)	590	972	124	6,616	15,912	(3,831)	5,987	(15,557)
(Charge) credit to profit or loss	(7,975)	20,464	703	(124)	–	483	–	(1,829)	11,722
At 31 December 2013	(49,902)	21,054	1,675	–	6,616	16,395	(3,831)	4,158	(3,835)
(Charge) credit to profit or loss	(1,250)	674	–	65	–	–	2,680	2,805	4,974
At 31 March 2014	(51,152)	21,728	1,675	65	6,616	16,395	(1,151)	6,963	1,139

Details of the Group's unused tax losses and other deductible temporary differences are as follows:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses unrecognized for deferred tax assets	1,240	1,913	3,517	3,589
Other deductible temporary difference unrecognized for deferred tax asset	1,216	1,216	–	–

The unrecognized tax losses will be expired in the following years:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2014	95	95	95	95
31 December 2015	443	443	443	443
31 December 2016	702	702	702	702
31 December 2017	–	673	673	673
31 December 2018	–	–	1,604	1,604
31 December 2019	–	–	–	72
Total	1,240	1,913	3,517	3,589

No deferred tax assets have been recognized in relation to certain tax losses and certain deductible temporary difference (mainly resulting from impairment of asset) as shown above due to the unpredictability of future profit streams.

No deferred tax liabilities for undistributed earnings of the PRC subsidiaries have been recognized as there is no plan of the dividends distribution out of the PRC in the foreseeable future by these PRC subsidiaries. As at 31 December 2011, 2012 and 2013 and 31 March 2014, the aggregate undistributed profits of the PRC subsidiaries were RMB484,274,000, RMB566,118,000, RMB1,150,787,000 and RMB1,298,557,000, respectively. The corresponding unrecognized deferred tax liabilities as at 31 December 2011, 2012 and 2013 and 31 March 2014 were RMB48,427,400, RMB56,611,800, RMB115,078,700 and RMB129,855,700, respectively.

24. LAND DEVELOPMENT FOR SALE

Land development for sale represents cost of land development within the districts of the development project in which the Group runs its land development businesses. Although the Group does not have ownership title or land use right of such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure in those land development project under land development agreements with the local government authority. When the land plots are sold by the local government authority, the Group is entitled to receive from the local government authorities a proportion of the proceeds from land sales.

Land development for sale is expected to be realized in the normal operating cycle, which is longer than twelve months.

As mentioned in the accounting policy of revenue recognition on land development for sale in note 4, fee income from the sales of land development for sales is recognized depending on the timing of sales of related land plots by the local government authority, which is uncertain and out of the control of the Group. Upon the sales of related land plots by the local government authority, the underlying amounts of land development for sale was recognized and recorded as cost of sales.

25. PROPERTIES UNDER DEVELOPMENT FOR SALE

	Year ended 31 December			Three months ended 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,544,079	1,848,418	2,461,987	2,753,204
Additions	748,145	1,051,255	821,235	137,313
Transfer to properties held for sale	(443,806)	(179,766)	(530,018)	(73,846)
Disposal of a subsidiary *(note 39 (b))*	–	(257,920)	–	–
At end of year/period	1,848,418	2,461,987	2,753,204	2,816,671

As at the end of each reporting period, certain of the Group's properties under development for sale with carrying amounts of approximately RMB767,429,000, RMB1,120,112,000, RMB1,344,881,000 and RMB1,069,962,000, respectively, were pledged to banks to secure certain banking facilities granted to the Group, details of which are set out in note 31 (a). Certain of the Group's properties under development for sale with an aggregate carrying amount of approximately RMB360,256,000 and RMB360,256,000 as at 31 December 2013 and 31 March 2014, respectively, were pledged to certain trust fund companies to secure certain trust loans to the Group, details of which is set out in note 31 (b)(i). Also, certain loans from related parties, were secured by certain of the Group's properties under development for sale with carrying amounts of approximately RMB234,121,000, RMB218,869,000, RMB88,035,000 and RMB88,035,000 as at 31 December 2011, 2012 and 2013, and 31 December 2014, respectively, details of which are set out in note 31 (b)(iii).

The properties under development are all located in the PRC with lease term ranging from 40 to 70 years.

As at 31 December 2011, 2012, and 2013 and 31 March 2014, properties under development for sale with carrying amounts of approximately RMB1,822,698,000, RMB2,073,317,000, RMB1,575,579,000 and RMB1,590,010,000 were expected to be completed after twelve months from the end of respective reporting period.

26. TRADE RECEIVABLES

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Receivables from land development for sale	80,994	11,038	202,364	167,824
Receivables from properties for sale	17,329	187,452	76,623	40,745
	98,323	198,490	278,987	208,569
Less: allowance for doubtful debts	–	–	(1,409)	(1,409)
	98,323	198,490	277,578	207,160
Analysis for reporting purposes as:				
Current assets	98,323	96,161	277,578	207,160
Non-current assets	–	102,329	–	–
	98,323	198,490	277,578	207,160

The aging analysis of the Group's trade receivables, net of allowance for doubtful debts presented based on revenue recognition date, at the end of each reporting period are as follows:

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
0 to 90 days	80,176	10,372	930	4,493
91 to 180 days	138	–	201,067	930
181 to 365 days	17,129	184,752	366	164,890
1–2 years	880	3,166	73,701	–
2–3 years	–	200	1,514	35,333
Over 3 years	–	–	–	1,514
	98,323	198,490	277,578	207,160

In respect of fee income arising from land development for sale, the successful land buyers would enter into land acquisition agreements with the local government authorities after public auction, tender or listing procedures. According to these land acquisition agreements, the respective land buyers are usually granted a credit period ranging from 1 to 3 months to settle the full amount of land acquisition consideration with the local government authorities. The Group would normally be able to recover the full amount of trade receivables from the government authorities shortly after the local government authorities have received the full amount of land acquisition consideration from the land buyers.

In respect of revenue arising from sales of properties and property leasing, the Group normally does not grant any credit term to its customers except for the sale of a whole block of building developed by the Group, details of which are set out in the following paragraph.

Trade receivables are all interest-free except for a receivable related to a sale of a whole block of building to an entity controlled by the local government authority with carrying amounts of RMB184,330,000, RMB73,701,000 and RMB35,333,000 as at 31 December 2012 and 2013, and 31 March 2014, respectively, which is charged at an effective interest rate of 6.4% per annum. In the opinion of the management of the Group, the Group will recover this receivable by instalments before the end of 31 December 2014. Accordingly, as at 31 December 2012, part of the receivable amounting to RMB102,329,000 was classified as non-current asset.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Neither overdue nor impaired	80,994	195,368	74,997	40,756
Past due but not impaired:				
91 to 180 days	–	–	201,067	–
181 to 365 days	17,129	–	–	164,890
1–2 years	200	2,922	–	–
2–3 years	–	200	1,514	–
Over 3 years *(note)*	–	–	–	1,514
	98,323	198,490	277,578	207,160

Note: This receivable was settled in June 2014.

The trade receivables that were neither past due nor impaired mainly relate to receivables from the local government authority arising from land development for sale and a customer arising from sale of a whole block of building to an entity controlled by a local government authority. Management of the Group is of the view that the credit risk is considered low as land development for sale is sold through public auction, tender or listing to qualified land buyers, whose qualifications have been verified by the local government authorities and certain refundable deposits were received by the Group from interested parties for partial investments in the land development by the Group (note 30(a)). The trade receivable from sale of a whole block of building to an entity controlled by a local government authority would be repaid by instalments after the local government authority has received land acquisition consideration from the land buyers as a result of sale of land which was developed by the Group.

Receivables that were overdue but not impaired mainly relate to a receivable from the local government authority arising from land development for sale for the year ended 31 December 2013 and a few independent customers arising from properties sold. Based on past experience and information available, the management of the Group is of the opinion that no provision for impairment is necessary in respect of these balances as the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Movements in the allowance for doubtful debts:

	Year ended 31 December			Three months ended 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At the beginning of the year/period	–	–	–	1,409
Provided for during the year/period	–	–	1,409	–
At end of the year/period	–	–	1,409	1,409

27. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Prepayments:				
– Prepayments for construction activities	5,811	7,569	9,773	9,205
– Prepayments for taxes	5,479	25,043	59,093	57,694
– Others	–	–	–	243
Other receivables:				
– Loan receivables *(note a)*	20,000	–	68,568	10,000
– Staff loan receivables *(note a)*	3,000	–	–	–
– Staff advances	5,979	4,223	4,268	7,368
– Deposit receivables	5,508	6,164	11,688	12,085
– Receivable from disposal of a subsidiary *(note b)*	–	–	10,000	–
– Others *(note c)*	26,478	26,306	27,876	28,393
	72,255	69,305	191,266	124,988
Less: allowance for other receivables	(13,623)	(13,623)	(13,623)	(13,623)
	58,632	55,682	177,643	111,365
Analysis for reporting purposes as:				
Current assets	49,098	45,537	177,643	111,365
Non-current assets	9,534	10,145	–	–
	58,632	55,682	177,643	111,365

Notes:

a. The loan receivables and staff loan receivables at 31 December 2011 were interest-free, unsecured and did not have fixed repayment term. These loan receivables were fully settled during 2012.

Loan receivables at 31 December 2013 were interest-free, unsecured and did not have fixed repayment term. These loan receivables were fully settled on 21 March 2014.

Loan receivable at 31 March 2014 was interest-free, unsecured and did not have fixed repayment term. This loan receivable was fully settled on 19 May 2014.

b. Amount represents receivable from disposal of a subsidiary, details of which are set out in note 39 (c). This receivable was fully settled on 13 March 2014.

c. Included therein are receivables from parties controlled by the local government authority of RMB9,534,000, RMB10,145,000, RMB8,793,000 and RMB8,966,000 as at 31 December 2011, 2012 and 2013 and 31 March 2014, respectively, which are unsecured and will be settled together with trade receivable from sale of a whole block of building to an entity controlled by the local government authority, details of which are set out in note 26. These receivables were classified as non-current receivables at 31 December 2011 and 2012. At 31 December 2013 and 31 March 2014, they were classified as current receivables as in the opinion of the Directors, these receivables will be settled before the end of 2014. They were charged at interest rate of 6.4% per annum for the years ended 31 December 2011, 2012 and 2013, and for the three months ended 31 March 2014, respectively.

28. BANK BALANCES AND RESTRICTED BANK DEPOSITS

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits, bank balances and cash in hand	540,580	500,836	773,356	871,409
Less: Deposits pledged for banking facilities *(note a)*	–	(370,000)	(647,923)	(581,923)
Deposits pledged for guarantees granted to customers *(note b)*	(16,724)	(14,883)	(19,087)	(22,846)
	523,856	115,953	106,346	266,640
Short-term deposit *(note c)*	–	–	314,240	–
Total cash and cash equivalents	523,856	115,953	420,586	266,640
Bank deposits, bank balances and cash in hand denominated in:				
– RMB (functional currency of the relevant entities)	539,619	497,152	769,042	836,109
– US$	961	960	4,136	32,387
– HK$	–	2,724	178	2,913
	540,580	500,836	773,356	871,409

Notes:

a. The amounts represented bank deposits in RMB pledged to banks as security for certain short-term banking facilities granted to the Group, details of which are set out in note 31(a).

b. The amounts represented bank deposits in RMB pledged to banks as security for certain mortgage loans granted by the banks to the Group's customers. The restricted bank deposits will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

c. Short-term deposit represented a three-day term deposit which was matured on 2 January 2014 and denominated in RMB.

Bank balances and cash at 31 December 2011, 2012 and 2013, and 31 March 2014, were mainly denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is regulated by the government authority of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government authority of the PRC.

The restricted bank deposits and bank balances carry prevailing market interest rates as follows:

	At 31 December			At 31 March
	2011	2012	2013	2014
	%	%	%	%
Interest rate per annum	0.36-0.50	0.35-3.50	0.35-7.00	0.35-3.50

29. PROVISION

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	120,012	71,433	–	–
Utilization of provision	(48,579)	(71,433)	–	–
At the end of the year/period	71,433	–	–	–

The provision as at 31 December 2011 represents the expected losses upon sales of certain parcels of land by land auction, tender and listing in which the Group was obligated to execute under a non-cancellable onerous contract.

30. TRADE AND OTHER PAYABLES

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	573,417	945,846	1,117,814	932,056
Investment properties construction cost payable	58,659	264,158	147,773	112,959
Refundable deposits *(note a)*	97,758	93,993	114,779	24,075
Advance from government *(note b)*	39,732	39,732	39,732	39,732
Other taxes payable	25,540	36,481	44,199	13,790
Other payables	15,254	17,991	17,991	28,479
Accrued expenses	245	–	4,526	37
Other deposit received	5,777	9,406	12,614	9,697
Payable for the acquisition of the remaining equity interest in the joint venture *(note 40)*	–	–	–	91,553
Accrued listing expense	–	–	–	7,328
	816,382	1,407,607	1,499,428	1,259,706

The following is an aged analysis of trade payables based on services/materials received date at the end of each reporting period:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	335,829	604,824	742,056	688,290
1-2 years	103,399	202,938	284,239	122,685
2-3 years	71,772	34,146	50,242	46,878
Over 3 years	62,417	103,938	41,277	74,203
	573,417	945,846	1,117,814	932,056

Notes:

a. The amounts represent refundable deposits received from interested parties for potential investments in the land developed by the Group.

b. The amount represents interest-free refundable cash advance received from the local government authority to assist the Group's operations in the construction and preparation works in respect of land infrastructure of land development projects. Such cash advance is repayable to the local government authority on demand.

31. BANK AND OTHER BORROWINGS

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
Secured/guaranteed *(note (a))*	996,000	1,904,680	1,908,153	1,622,821
Other loans				
Secured/guaranteed *(note (b))*	1,061,091	734,650	1,126,004	1,054,520
Unsecured *(note (c))*	627,719	349,285	358,959	475,213
	2,684,810	2,988,615	3,393,116	3,152,554
Total borrowings are repayable as follows:				
– Repayable on demand or within one year	1,395,760	1,958,238	1,965,630	1,822,023
– Repayable over 1 year and within 2 years	468,702	562,381	391,452	650,990
– Repayable over 2 years and within 5 years	556,748	279,028	812,632	521,541
– Repayable over 5 years	263,600	188,968	223,402	158,000
	2,684,810	2,988,615	3,393,116	3,152,554
Less: Amounts shown under current liabilities	(1,395,760)	(1,958,238)	(1,965,630)	(1,822,023)
Amounts shown under non-current liabilities	1,289,050	1,030,377	1,427,486	1,330,531
Floating rate borrowings	1,839,219	2,495,285	2,186,568	1,733,335
Fixed rate borrowings	845,591	493,330	1,206,548	1,185,003
Interest-free borrowing	–	–	–	234,216
	2,684,810	2,988,615	3,393,116	3,152,554
Bank and other borrowings denominated in:				
– RMB	2,005,750	2,687,206	2,762,875	2,918,338
– US$	679,060	205,729	630,241	234,216
– HK$	–	95,680	–	–
	2,684,810	2,988,615	3,393,116	3,152,554

Notes:

a. The secured bank loans of the Group were secured by certain assets of the Group and their carrying amounts are as follows:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development for sale *(note 25)*	767,429	1,120,112	1,344,881	1,069,962
Investment properties *(note 18)*	201,266	184,072	193,764	194,670
Restricted bank deposits *(note 28)*	–	370,000	647,923	581,923
	968,695	1,674,184	2,186,568	1,846,555

In addition, among the total secured bank loans, some of which are guaranteed by related parties as follows:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Ultimate Controlling Shareholders	720,000	975,000	763,000	–
Langfang Hongtai Construction Co., Ltd. ("Hongtai Construction") *(note)*	50,000	–	–	–
	770,000	975,000	763,000	–

Note: Hongtai Construction is a company controlled by Mr. Wang Jianhai, the brother of Mr. Wang Jianjun. Hongtai Construction ceased to be a related party in December 2013 as set out in note 42(a).

b. The details of secured/guaranteed other loans of the Group are as follows:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Loans from trust fund companies *(note i)*	–	–	937,604	934,120
Loans from third parties *(note ii)*	369,500	335,950	137,400	69,400
Loans from related parties *(note iii)*	148,000	203,000	51,000	51,000
Restructured loans *(note iv)*	543,591	195,700	–	–
	1,061,091	734,650	1,126,004	1,054,520

(i) In February 2013, the Group entered into an agreement with a trust fund company in the PRC pursuant to which the trust fund company agreed to contribute RMB300,000,000 to a subsidiary of the Company, Langfang Honghao Investment, as capital injection. Subsequent to this capital injection, the registered capital of Langfang Honghao Investment increased from RMB320,000,000 to RMB620,000,000 and 48.4% equity interest of Langfang Honghao Investment was held by the trust fund company accordingly. Per the agreement, the Group agreed to repurchase and the trust fund company agreed to sell the 48.4% equity interest in Langfang Honghao Investment either at a cash consideration of RMB390,000,000 at the end of the term of 24 months or at a cash consideration of RMB439,500,000 at the end of the term of 36 months, the final date of repurchase of which is at the full discretion of the Group. Langfang Honghao Investment is accounted for as a wholly owned subsidiary, taking into account that the Group can still exercise control over Langfang Honghao Investment, the compulsory repurchase arrangement and the trust fund company does not entitle to any profit distributions from Langfang Honghao Investment but receives fixed interest income, the transaction as a whole has been treated in this Financial Information as a loan granted to the Group. The amount of RMB300,000,000, which had been fully received on 12 April 2013, carries an effective interest rate at 17.20% per annum after taking into consideration initial transaction costs of RMB16,067,000, and is also secured by the remaining 51.6% equity interest held by the Group in Langfang Honghao Investment. As at 31 December 2013 and 31 March 2014, this trust loan was also secured by certain properties under development for sale of the Group with an aggregate carrying amount of RMB216,709,000 and RMB216,709,000, respectively. This trust loan was jointly guaranteed by the Ultimate Controlling Shareholders as at 31 December 2013 and the guarantee was released during the period ended 31 March 2014.

In June 2013, the Group entered into a loan agreement with another trust fund company in the PRC, pursuant to which a loan amounting to RMB300,000,000 was granted by this trust fund company to the Group with a two-year term at an effective interest rate of 9.04% per annum after taking into consideration initial transaction costs of RMB9,000,000. This trust loan was secured by certain investment properties of the Group with the aggregate carrying amount of RMB523,700,000 and RMB528,100,000 as at 31 December 2013 and 31 March 2014. In December 2013, the Group entered into another loan agreement with this trust fund company again, pursuant to which a loan amounting to RMB328,280,000 was granted by this trust fund company to the Group with a three-year term at an effective interest rate of 5.535% per annum. As at 31 December 2013 and 31 March 2014, this trust loan was secured by certain properties under development for sale of the Group with an aggregate carrying amount of RMB143,547,000 and RMB143,547,000, respectively.

(ii) Loans from third parties were borrowed from non-financial institutions in the PRC with borrowing terms ranging from 5 to 10 years bearing interest at rates ranging from 5.94% to 7.20% per annum and were secured by total assets of Langfang Sheng Shi Construction, and the Group's beneficial interests to be generated during the execution of the land development agreements for developing Longhe Park.

(iii) The Group had outstanding loans from related parties as at 31 December 2011, 2012 and 2013, and 31 March 2014, details of which are set out in note 42 (a)(i). The loans from these related parties were repayable on demand and secured by certain assets of the Group and jointly guaranteed by Mr. Wang Jianjun and his brother, Mr. Wang Jianhai.The guarantees were released during the period ended 31 March 2014. The carrying amounts of the assets of the Group being pledged are as follows:

	At 31 December			**At 31 March**
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Properties under development for sale *(note 25)*	234,121	218,869	88,035	88,035

(iv) Restructured loans of the Group were obtained from independent third parties, CDH Hillside Company Limited ("CDH") and OCBC Capital Investment I Pte. Ltd. ("OCBC Capital").

On 20 August 2007, the Group entered into an agreement with CDH, pursuant to which the Group obtained a three-year term loan of US$21,500,000 from CDH (the "CDH Loan") with an agreed return of 25% per annum. This CDH Loan was matured on 11 September 2010 and should be repaid in full on that date. The Group did not repay the CDH Loan in 2010. As at 31 December 2010, the outstanding principal of the CDH Loan together with unpaid interest amounted to approximately US$36,125,000 (equivalent to approximately RMB238,695,000). Pursuant to the agreement, this outstanding amount at 31 December 2010 carried interest at a rate of 25% per annum.

On 1 February 2008, the Group entered into preferred share agreements with CDH and OCBC Capital (the "Preferred Share Agreements"), pursuant to which Shing Cheong Holdings issued 45,000,000 preferred shares to CDH and 10,000,000 preferred shares to OCBC Capital (the "Preferred Shares"), for an aggregate consideration of US$55,000,000. As the Preferred Shares contain conversion option feature which is not closely related to host debt component, this feature is considered as derivative and required to be remeasured to its fair value at the end of each reporting period with the resulting gain or loss recognized in profit or loss immediately. The fair value of this derivative as at 31 December 2010 is considered to be insignificant. The debt component of the Preferred Shares carried at amortized cost at 31 December 2010 was approximately RMB698,013,000.

On 1 February 2011, the Preferred Shares were matured and should be redeemed in full by the Group. According to the Preferred Share Agreements, the redemption price for the total Preferred Shares at the end of the three-year term on 1 February 2011 was approximately US$107,422,000 (equivalent to approximately RMB700,788,000). The Group did not redeem any Preferred Shares from CDH and OCBC Capital upon maturity on 1 February 2011. Pursuant to the Preferred Share Agreements, no interest was accrued on these outstanding Preferred Shares subsequent to 1 February 2011.

Based on various negotiations between the Group, CDH and OCBC Capital, both CDH and OCBC Capital finally agreed to restructure the Preferred Shares together with the CDH Loan into a new loan from CDH and a new loan from OCBC Capital (collectively, the "Restructured Loans"). The Group signed agreements with CDH and OCBC Capital on 29 July 2011 in respect of the Restructured Loans (the "Restructured Loan Agreements"). The Group also entered into warrant agreements with CDH and OCBC Capital in 2011 (the "Warrant Agreements") so that CDH and OCBC Capital shall have the right to subscribe for certain number of ordinary shares of Shing Cheong Holdings, at any time within 5 years from the issue date of the warrants, at a specific price according to the Warrant Agreements. The warrants are carried at fair value in the Financial Information until the warrants are exercised or expired, further details of the warrants are set out in note 32. The Restructured Loans is carried as a liability in the Financial Information on an amortized cost basis. The interest rate of the Restructured Loans is 10% per annum. On 29 July 2011, the aggregate carrying amount of the CDH Loan and the Preferred Shares was approximately US$148,815,000 (equivalent to approximately RMB958,353,000). The initial fair values of the Restructured Loans and the warrants on 29 July 2011 were approximately RMB676,577,000 and RMB169,548,000, respectively. Therefore, the Group had a gain on debt restructuring of RMB112,228,000, representing the difference between the aggregate carrying amount of the CDH Loan and the Preferred Shares on 29 July 2011 and the aggregate fair values of the Restructured Loans and the warrants on 29 July 2011. The entire Restructured Loans were due within one year from 31 December 2011. The Group had repaid the Restructured Loans by instalments and through further extension of the settlement dates, the Group finally repaid the entire Restructured Loans during the year ended 31 December 2013. Therefore, the Restructured Loans were classified as current loans as at 31 December 2011 and 2012.

The Restructured Loans were secured by the pledge of the total issued share capital of Shing Cheong Holdings, Sheng Shi International and King Billion held by the Group. In addition to which, Ms. Zhao Ying and Mr. Wang Jianjun, the Ultimate Controlling Shareholders of the Group, and Ms. Wang Wei, a daughter of the Ultimate Controlling Shareholders, had provided personal guarantee. The entire issued share capital of Profit East, the immediate holding company of the Company, was also pledged to secure the Restructured Loans. All of the share pledges as aforesaid were released before 31 March 2014.

c. The details of unsecured other loans of the Group are as follows:

	At 31 December			**At 31 March**
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Loans from third parties *(note (i))*	627,719	331,285	315,859	199,600
Loans from related parties *(note 42(a)(ii))*	–	18,000	43,100	275,613
	627,719	349,285	358,959	475,213

(i) The above loans from third parties are interest bearing at rates ranging from 5.40% to 11.80%, 7.20% to 11.80% and 7.20% to 11.80%, and 6.50% to 7.20% per annum as at 31 December 2011, 2012 and 2013, and 31 March 2014, respectively, and are repayable on demand.

d. The ranges of effective interest rates on the Group's borrowings are as follows:

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	%	%	%	%
Effective interest rate per annum:				
Floating rate borrowings	5.40-10.30	5.81-11.41	2.90-11.68	5.94-7.80
Fixed rate borrowings	5.40-11.80	6.55-11.80	6.60-17.20	5.54-17.20

e. Interest on borrowings denominated in RMB at floating rates are based on the borrowing rates announced by the People's Bank of China. Interest on borrowings denominated in US$ at floating rates are based on the London Interbank Offered Rate and repriced monthly. Interest on borrowings denominated in HK$ at floating rates are based on the Hong Kong Interbank Offered Rate and repriced monthly.

32. WARRANTS

The warrants were issued by the Group to CDH and OCBC Capital, details of which are set out in note 31. After the Restructured Loans were fully repaid during the year ended 31 December 2013, the Group had entered into cancelation agreements with CDH and OCBC Capital on 14 June 2013 to cancel the Warrant Agreements.

Movements of the warrants during the Track Record Period were as follows:

	RMB'000
Fair value of the warrants at the issue date	169,548
Fair value loss	55,840
As at 31 December 2011	225,388
Fair value gain	(208,140)
As at 31 December 2012	17,248
Gain on extinguishment	(17,248)
As at 31 December 2013	–

33. SHARE CAPITAL

The Group

Share capital of the Group includes only issued and fully paid share capital of the Company as set out below.

The Company

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
	'000	HK$	RMB
Ordinary shares of HK$0.01 each			
Authorized:			
On 13 February 2014 (date of incorporation) and 31 March 2014 *(note i)*	38,000	380,000	299,212
Issued and fully paid:			
Issued on 13 February 2014 (date of incorporation)	10	100	79
Issued on 21 February 2014 *(note iii)*	10	100	79
As at 31 March 2014	20	200	158

Notes:

(i) On 13 February 2014, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each.

(ii) On 13 February 2014, one share was allotted and issued to the initial subscriber, an independent third party, and then transferred to Profit East. On the same day, the Company allotted and issued an additional 9,999 shares, credited as fully paid, to Profit East at par value.

(iii) On 21 February 2014, the Company acquired all the issued share capital in Shing Cheong Holdings from Profit East, in consideration of which the Company allotted and issued 10,000 shares, credited as fully paid, to Profit East.

No dividend was paid or proposed during the Track Record Period, nor has any dividend been proposed since the date of 31 March 2014.

34. RESERVES

The amounts of the Group's reserves and the movements therein for each of the reporting periods are presented in the consolidated statements of changes in equity.

The principal reserves of the Group consist of the following:

(i) Merger reserve

The Company was incorporated on 13 February 2014 and the Reorganization was not yet completed as at 31 December 2013. For the purpose of the Financial Information presented in this report, the merger reserve in the consolidated statement of financial position as at 1 January 2011 represented the combined share capital of Shing Cheong Holdings and the registered capital of Langfang Sheng Shi Construction. The deduction during the year ended 31 December 2011 represented the consideration payable for the acquisition of the entire equity interest in Langfang Sheng Shi Construction which is accounted for as deemed distribution to the then shareholder of Langfang Sheng Shi Construction as a result of the business combination under common control (note 41(ii)).

(ii) Statutory reserve

Pursuant to the relevant PRC rules and regulations, those subsidiaries of the Group established in the PRC are required to transfer no less than 10% of their profits after taxation, after offsetting any prior years' losses as determined under the PRC GAAP, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners of these PRC subsidiaries. Statutory reserve is non-distributable other than in liquidation and can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

35. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments.

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within one year	10,229	10,369	12,808	12,673
In the second to the fifth year, inclusive	32,061	30,041	18,502	15,650
After the fifth year	4,039	3,538	1,069	813
	46,329	43,948	32,379	29,136

Operating lease related to the investment properties owned by the Group with lease terms of between 1 and 10 years. None of the leases includes any contingent rentals and renewal options.

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease which fall due as follows:

	At 31 December			At 31 March
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within one year	2,046	2,080	5,647	5,647
In the second to the fifth year, inclusive	7,682	6,257	17,583	16,171
After the fifth year	983	328	–	–
	10,711	8,665	23,230	21,818

Operating lease payments with terms of between 1 and 10 years, represent rentals payable by the Group for certain of its office premises. None of the leases includes any contingent rentals and renewal options.

36. CAPITAL COMMITMENTS

At the end of each reporting period, the Group had the following commitments:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for in the Financial Information:				
Expenditure in respect of land development for sale	63,406	62,746	57,456	59,111
Expenditure in respect of investment properties under construction	133,985	12,215	–	–
Expenditure in respect of properties under development for sale	1,333,308	821,783	783,565	625,975
	1,530,699	896,744	841,021	685,086

The capital commitments above at the end of each reporting period are to be settled according to the progress of the future development of the underlying projects which might not be necessarily incurred within twelve months from the end of each reporting period.

37. CONTINGENT LIABILITIES

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Mortgage loan guarantees provided by the Group to banks in favour of its customers *(note a)*	343,840	386,479	412,201	438,196
Guarantee provided to a bank in respect of banking facilities granted to an independent third party – 廊坊市銘順石油天然氣銷售有限公司 *(note b)*	100,000	–	–	–
Guarantee provided to a bank in respect of a banking facility granted to an associate *(note b)*	–	–	235,000	235,000
	443,840	386,479	647,201	673,196

Notes:

a. 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 default by the relevant buyers is remote and, in case of default in payments, the net realizable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the Financial Information for these guarantees.

b. The fair values of the financial guarantee contracts were insignificant at the date of issue of the financial guarantee and at the end of each reporting period.

38. RETIREMENT BENEFIT PLANS

The employees of the Group are members of the state-managed retirement benefits scheme operated by the PRC government authority. The PRC subsidiaries are required to contribute specified rate of the employees' salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

39. DISPOSAL OF SUBSIDIARIES

(a) Disposal of a subsidiary during the year ended 31 December 2011

During the year ended 31 December 2011, the Group disposed of its entire equity interest in Langfang Zhenghetai Real Estate Development Co, Ltd. to certain independent third parties for a cash consideration of RMB60,000,000.

The net assets of the subsidiary disposed of:

	RMB'000
Prepayments and other receivables	60,542
Bank balances and cash	40,458
Trade and other payables	(1,000)
Total net assets disposed of	100,000
Less: Non-controlling interest disposed of	(40,000)
Consideration received in cash	60,000

An analysis of net cash inflow in respect of disposal of the subsidiary is as follows:

	RMB'000
Cash consideration received	60,000
Less: Cash and cash equivalents disposed of	(40,458)
Consideration received in cash	19,542

(b) Deemed disposal of a subsidiary during the year ended 31 December 2012

The Group has entered into an agreement with Shanghai Redstar Macalline Enterprise Management Co. ("Macalline") to dispose of 70% equity interest in Kaihong, a then wholly owned subsidiary of the Group, to Macalline, pursuant to which Macalline is required to make a capital contribution of RMB70 million in cash to Kaihong for the purpose of acquisition of the 70% enlarged equity interest in Kaihong. The disposal was completed on 18 December 2012. As such, the equity interest in Kaihong held by the Group decreased to 30% accordingly, which was measured at fair value at the date the control was lost, and accounted for as an interest in an associate from 18 December 2012 onwards.

The net assets of the subsidiary disposed of:

	RMB'000
Properties under development for sale	257,920
Property, plant and equipment	138
Bank balances and cash	12,115
Trade and other payables	(170,264)
Amount due to the Group	(44,314)
Total net assets disposed of	55,595
Less: Fair value of the remaining 30% equity interest in Kaihong *(note)*	70,920
Gain on deemed disposal of a subsidiary	15,325

Cash outflow arising on disposal:

	RMB'000
Cash and cash equivalents disposed of	(12,115)

Note: This represents 30% of the fair value of Kaihong immediately after the completion of the capital injection by Macalline based on the valuations carried out by Savills Valuation.

(c) Disposal of a subsidiary during the year ended 31 December 2013

The Group has entered into an agreement with an employee of the Group, Mr. Zhao Shuping, to dispose of its entire equity interest in Sheng Shi Zhuoyou, a subsidiary of the Group for a consideration of RMB10,000,000. The disposal transaction was completed on 21 June 2013.

The net assets of the subsidiary disposed of:

	RMB'000
Property, plant and equipment	1,045
Available-for-sale investment	4,284
Other receivables	1,417
Bank balances and cash	13
Total net assets disposed of	6,759
Gain on disposal of a subsidiary	3,241
Consideration receivable *(note 27)*	10,000

Cash outflow arising on disposal:

	RMB'000
Cash and cash equivalents disposed of	(13)

40. ACQUISITION OF THE REMAINING EQUITY INTEREST IN THE JOINT VENTURE

On 27 January 2014, the Group entered into a share purchase agreement with Goodman China Limited, the other joint venture partner of Langfang Goodman Vast Park Service, the joint venture of the Group, pursuant to which, Goodman China Limited has agreed to transfer its 50% shareholding interest in Langfang Goodman Vast Park Service to the Group at a cash consideration of US$15 million (equivalent to approximately RMB91,553,000). As the joint venture has not yet commenced its business, the acquisition of the remaining equity interest in the joint venture by the Group is considered as acquisition of assets and liabilities.

	RMB'000
Bank balances and cash	86,037
Deposit paid to the Group	93,949
Other receivables	6,275
Other payables	(124)
Total net assets acquired	186,137
Less: Fair value of the investment in the joint venture held by the Group on acquisition date	93,069
Other payable arising from the acquisition (note)	91,553
Gain on acquisition *(note 11)*	1,515

Inflow arising from the acquisition:

	RMB'000
Cash and cash equivalents acquired	86,037

Note: The other payable arising from the acquisition is unsecured and non-interest bearing and was settled in full in May 2014.

41. NON-CASH TRANSACTIONS

(i) During 2011, the Group entered into the Restructured Loan Agreements and the Warrant Agreements with CDH and OCBC Capital to restructure the Preferred Shares and the CDH Loan into the Restructured Loans and warrants, details of which are set out in note 31 (b) (iv), which resulted in a debt restructuring gain of RMB112,228,000 for the year ended 31 December 2011.

(ii) During the year ended 31 December 2011, the Group entered into an acquisition agreement to acquire the entire equity interest in Langfang Sheng Shi Construction from Mr. Wang Jianjun for a consideration of RMB150,000,000 which had not yet settled as at 31 December 2012 and was included in the amounts due to related parties as at 31 December 2011 and 2012, respectively. This payable was settled before 31 December 2013.

(iii) During the year ended 31 December 2013, Hongtai Construction, a related party of the Group, agreed with the Group and a PRC non-financial institution that Hongtai Construction would undertake from the Group a loan of RMB160,000,000 due to the PRC non-financial institution in exchange for a same amount due to Hongtai Construction by the Group. As a result of this arrangement, the amount due to that PRC non-financial institution was derecognized and the amount due to Hongtai Construction was recognized, which carried interest at 6.5% per annum. As disclosed in note 42(a), Hongtai Construction subsequently ceased to be a related party of the Group and accordingly, the loan balance of RMB170,040,000, including interest, was classified as other unsecured loan as at 31 December 2013 in note 31(c).

(iv) Proceed in respect of the Group's disposal of the entire equity interest in Sheng Shi Zhuoyou amounted to RMB10,000,000 on 21 June 2013, details of which are set out in note 39 (c), had not been received in cash at 31 December 2013. This receivable was fully settled on 13 March 2014.

(v) During the three months ended 31 March 2014, Mr. Wang Jianjun agreed to waive an amount of RMB41,091,000 payable to him by the Group which was accounted for as a deemed contribution to the Group by the Ultimate Controlling Shareholders. The deemed contribution is subject to a tax charge of approximately RMB10,273,000.

42. RELATED PARTY BALANCES AND TRANSACTIONS

As disclosed in note 2, Mr.Wang Jianjun and his spouse are collectively referred to as the Ultimate Controlling Shareholders. In addition to the transactions and balances detailed elsewhere in the Financial Information, the following is a summary of significant transactions carried out between the Group and (i) Mr. Wang Jianjun; (ii) Profit East, the immediate holding company of the Company; (iii) fellow subsidiaries and a company under significant influence of Mr. Wang Jianjun; (iv) Ms. Wang Wei, a daughter of the Ultimate Controlling Shareholders, and companies controlled by her; (v) Mr. Wang Jianhai, a brother of Mr.Wang Jianjun, and companies controlled by him; (vi) associates of the Group; and (vii) Mr. Yang Yun, a Director. The transactions with these related parties were made on terms agreed among the parties.

(a) Related party balances

Balances as at the end of each reporting period with related parties:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from:				
– Mr. Wang Jianjun	70,290	95,153	–	–
– Ms. ZhaoYing	–	–	–	92
– Immediate holding company: Profit East	37	37	37	38
	70,327	95,190	37	130
Fellow subsidiaries/company under significant influence of Mr. Wang Jianjun:				
– Langfang Hengtai Property Services Co., Ltd ("Hengtai")	–	1	–	–
– Huanmei Landscape Engineering Co., Ltd ("Huanmei")*	–	2	–	–
– Langfang Yunjie Logistics Co., Ltd ("Yunjie")	77	77	–	–
	77	80	–	–
Mr. Wang Jianhai and a company controlled by him:				
– Mr. Wang Jianhai	5	16	64	–
– Hongtai Construction*	206,682	228,629	–	–
Ms. Wang Wei and companies controlled by her:				
– Ms.Wang Wei	7,691	6,180	–	–
– Hongtai Commercial	20,000	–	1,283	2,453
– Langfang Wantong Cemetery Co., Ltd ("Wantong")	45,645	75,450	3,500	–
	280,023	310,275	4,847	2,453
Associates:				
– Shengshi Credit	1,500	1,500	1,500	1,500
– Huayuan	832	832	832	864
– Kaichuang	177	–	77	–
– Kaihong	–	44,314	–	–
	2,509	46,646	2,409	2,364
A Director:				
– Mr. Yang Yun	144	980	500	200
Total non-trade balances	353,080	453,171	7,793	5,147
Analysis for reporting purpose as:				
– Current assets	49,025	453,171	7,793	5,147
– Non-current assets	304,055	–	–	–
	353,080	453,171	7,793	5,147

The above receivables from related parties are all of non-trade nature, denominated in RMB, unsecured, interest-free and recoverable within one year, except for the receivables from Mr. Wang Jianjun and Hongtai Construction and certain receivable from Wantong were expected by the Group to be settled after one year and hence, these receivables were disclosed as non-current receivables as at 31 December 2011. These receivables were expected by the Group to be settled within one year and hence, they were disclosed as current receivables as at 31 December 2012. Substantially all of these receivables were settled in late 2013. These receivables were measured at amortized cost at an imputed interest rate of 20% per annum on the outstanding amount at the end of each reporting period.

The following information is disclosed pursuant to section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), which requires compliance with section 161B of the predecessor Hong Kong Companies Ordinance (Cap. 32):

	Maximum amount outstanding				
	Year ended 31 December			**Three months ended 31 March**	
Name of related party	**2011**	**2012**	**2013**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Mr. Wang Jianjun	70,290	95,153	119,044	97,536	–
Ms. Zhao Ying	–	–	–	–	92
Intermediate holding company:					
– Profit East	37	37	37	37	38
Fellow subsidiaries:					
– Hengtai	–	1	1	1	–
– Huanmei*	10,000	30,000	110,000	30,000	–
– Yunjie	77	77	78	77	–
Ms.Wang Wei and companies controlled by her:					
– Ms.Wang Wei	7,691	7,691	6,180	6,180	–
– Hongtai Commercial	73,000	50,000	9,000	1,538	2,453
– Wantong	45,645	75,450	130,686	78,483	3,500
A Director:					
– Mr. Yang Yun	144	980	980	980	500

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to:				
Mr. Wang Jianjun	192,428	190,600	41,091	–
A company controlled by Mr. Wang Jianhai:				
– Hongtai Construction*	113,741	49,572	–	–
Ms. Wang Wei and companies controlled by her:				
– Hongtai Commercial	11,269	49,433	–	40
– Wantong	5,068	5,073	–	–
	130,078	104,078	–	40
Fellow subsidiaries:				
– Hengtai	13,524	23,153	–	–
– Huanmei*	7,806	6,550	–	–
– Langfang Oushang Jiahua Investment Co., Ltd	25,233	25,233	–	–
– Langfang Yongsheng Real Estate Development Co., Ltd ("Yongsheng")	7,194	7,194	–	–
	53,757	62,130	–	–
Associates:				
– Shengshi Credit	30,906	30,906	40,957	40,906
– Kaichuang	–	15,000	–	–
	30,906	45,906	40,957	40,906
Total non-trade balances	407,169	402,714	82,048	40,946

The above outstanding balances payable to related parties are of non-trade nature, denominated in RMB, unsecured, interest-free and repayable on demand.

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to:				
Company controlled by Mr. Wang Jianhai:				
– Hongtai Construction*	91,666	127,117	–	–
A fellow subsidiary:				
– Huanmei*	4,243	4,361	–	–
An associate:				
– Huayuan	–	6,936	3,962	3,936
Total trade balances	95,909	138,414	3,962	3,936
Total amounts due to related parties	503,078	541,128	86,010	44,882

The above outstanding payables to related parties are of trade nature, denominated in RMB, unsecured, interest-free and repayable on demand.

The following is an aged analysis of the above outstanding payables of trade nature, presented based on service received date, at the end of each of the Track Record Period:

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	68,037	54,350	3,962	3,936
1 – 2 years	13,191	60,339	–	–
2 – 3 years	14,681	13,191	–	–
More than 3 years	–	10,534	–	–
	95,909	138,414	3,962	3,936

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Deposit received from a joint venture				
– Deposit received from Langfang Goodman Vast Park Service	–	93,949	93,949	–

Amount represents deposit received from Langfang Goodman Vast Park Service for land development service to be provided to Langfang Goodman Vast Park Service by the Group.

(i) Loans from related parties–secured

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Company controlled by Mr. Wang Jianhai:				
– Hongtai Construction*	110,000	115,000	–	–
Company controlled by Ms. Wang Wei:				
– Hongtai Commercial	38,000	82,000	51,000	51,000
Fellow subsidiary:				
– Huanmei*	–	6,000	–	–
Loans from related parties	148,000	203,000	51,000	51,000

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Hongtai Construction*					
Loans received	163,000	245,000	–	–	–
Loans repayments	(175,353)	(240,000)	(115,000)	(115,000)	–

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Hongtai Commercial					
Loans received	86,000	156,000	51,000	–	–
Loans repayments	(48,000)	(112,000)	(82,000)	(82,000)	–

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Huanmei*					
Loans received	–	6,000	–	–	–
Loans repayments	–	–	(6,000)	(6,000)	–

The above outstanding loans from related parties, which form part of the total borrowings of the Group in note 31, are secured (see note 31(b)(iii) for details of assets pledged), interest bearing at rates ranging from 6.34% to 10.30%, 6.30% to 11.41%, 6.60% to 11.64% and 7.80% to 8.70% per annum as at 31 December 2011, 2012 and 2013, and 31 March 2014, respectively and are repayable on demand.

(ii) Loans from related parties – unsecured

	At 31 December			At 31 March
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Company controlled by Ms. Wang Wei:				
– Hongtai Commercial	–	–	43,100	41,397
Fellow subsidiary:				
– Huanmei*	–	18,000	–	–
Immediate holding company:				
– Profit East	–	–	–	234,216
Loans from related parties	–	18,000	43,100	275,613

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Hongtai Commercial					
Loans received	–	–	43,100	43,100	2,502
Loans repayment	–	–	–	–	(4,205)

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Huanmei*					
Loans received	–	18,000	–	–	–
Loans repayments	–	–	(18,000)	–	–

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit East					
Loan received	–	–	–	–	234,216
Loan repayment	–	–	–	–	–

Profit East, the immediate holding company of the Company, issued exchangeable bonds amounting to US$40,000,000 in February 2014. These exchangeable bonds are pledged by 25% equity interest of Shing Cheong Holdings, 25% equity interest of China Vast International and 100% equity interest of Sheng Shi International. Subsequent to the issue of the aforesaid exchangeable bonds by Profit East, the Group received a loan from Profit East of US$38,270,000 (equivalent to approximately RMB234,216,000 as at 31 March 2014) (the "Shareholder's Loan") which was unsecured, non-interest bearing and repayable on demand.

The above loans from the related parties, which form part of the total borrowings of the Group in note 31. Except for the loan from Profit East which was non-interest bearing and repayable on demand, the other loans from related parties above are interest bearing at rates of 7.80% and 8.53% and 8.53% per annum as at 31 December 2012 and 2013, and 31 March 2014, respectively and are repayable on demand.

* The shareholding interests in these entities held by related parties were fully disposed to unrelated third parties on 25 December 2013 and 27 December 2013, respectively. The registration of the changes of shareholders of these two entities with the State Administration for Industry and Commerce of the PRC in Langfang city was completed on 27 December 2013. Therefore, these two entities are no longer related parties of the Group.

(b) Related party transactions

During the Track Record Period and the three months ended 31 March 2013, the Group entered into the following transactions with its related parties:

	Nature of transaction	Year ended 31 December 2011	2012	2013	Three months ended 31 March 2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Hongtai Construction*	Construction service received	56,161	108,036	301,418	56,646	–
Huanmei*	Construction service received	4,645	1,183	47,602	3,838	–
Huayuan	Construction service received	–	6,936	3,936	–	–
Hongtai Construction*	Interest expense	10,336	12,626	16,419	4,700	–
Hongtai Commercial	Interest expense	3,140	10,283	12,443	2,954	1,564
Huanmei*	Interest expense	–	976	1,979	522	–
Mr. Wang Jianjun	Interest income	11,750	14,099	19,676	4,758	–
Hongtai Construction*	Interest income	19,841	20,305	46,469	11,037	–
Wangong	Interest income	–	5,417	14,946	3,033	–
Mr. Wang Jianjun	Fair value adjustment loss on interest-free advances made	–	2,111	645	27	–
Hongtai Construction*	Fair value adjustment loss on interest-free advances made	–	329	740	270	–
Wangong	Fair value adjustment loss on interest-free advances made	11,917	5,636	2,812	–	–
Mr. Wang Jianjun	Waiver of debt owed by the Group	–	–	–	–	41,091

In the opinion of the management of the Group, expect for the transactions with associates of the Group, all related party transactions made during the Track Record Period will not be continued after the listing of the Company's shares on the Hong Kong Stock Exchange.

* The shareholding interests in these entities held by related parties were fully disposed to unrelated third parties on 25 December 2013 and 27 December 2013, respectively. The registration of the changes of shareholders of these two entities with the State Administration for Industry and Commerce of the PRC in Langfang city was completed on 27 December 2013. Therefore, these two entities are no longer related parties of the Group.

(c) The Group provided guarantee to a bank in respect of banking facilities granted to an associate of the Group. Details are set out in note 37.

(d) Compensation of key management personnel

Key management personnel are those senior management having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management personnel compensation are as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries	674	686	696	172	456
Contribution to retirement benefit scheme	20	19	20	5	5
Discretionary performance – related bonus	434	437	437	107	293
	1,128	1,142	1,153	284	754

Bonuses are calculated based on the Group's or respective member's performance for such financial year/period.

B. FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands on 13 February 2014 and became the holding company of the Group as at 21 February 2014 upon completion of the Reorganization set out in note 2 to Section A. Except for the Reorganization, receipt of the Shareholder's Loan and the charge of listing expenses, the Company did not have any other transaction during the period from the date of incorporation to 31 March 2014. Information about the statement of financial position of the Company as at 31 March 2014 was as follows:

	At 31 March 2014
	RMB'000
Non-current asset	
Investment in a subsidiary *(note i)*	–
Amount due from a subsidiary *(note ii)*	234,216
Total assets	234,216
Current liabilities	
Amounts due to subsidiaries	16,808
Other borrowing *(note ii)*	234,216
	251,024
Net current liabilities	(251,024)
Net liabilities	(16,808)
Capital and reserves	
Share capital *(note 33)*	–
Accumulated losses *(note iii)*	(16,808)
Net deficits	(16,808)

Notes:

(i) Investment in a subsidiary represents the deemed cost of the Company's investment in Shing Cheong Holdings recognized at nil as Shing Cheong Holdings was in a net liability position on 21 February 2014.

(ii) It represents the Shareholder's Loan from Profit East, details of which are set out in note 42(a)(ii) to Section A. Such loan was advanced to Shing Cheong Holdings immediately once received from Profit East. In the opinion of the Directors, Shing Cheong Holdings will issue new shares to the Company to settle this amount due from a subsidiary immediately prior to the Listing, therefore, the amount due from a subsidiary is classified as non-current asset.

(iii) Accumulated losses of the Company were completely resulted from the charge of listing expenses of RMB16,808,000 from the date of incorporation of the Company to 31 March 2014.

C. DIRECTORS' REMUNERATION

Under the arrangement currently in force, the aggregate amount of remunerations of the Directors payable for the year ending 31 December 2014 is estimated to be approximately RMB5,760,000 (excluding any discretionary bonus).

D. EVENTS AFTER THE REPORTING PERIOD

(a) On 2 April 2014, the Company entered into a facility agreement with Fine Process Limited (the "Facility Agreement"), an independent third party and a wholly-owned subsidiary of ICBC International Investment Management Limited, pursuant to which a loan facility of up to US$100,000,000 (equivalent to approximately RMB615 million) was granted by Fine Process Limited to the Company. The effective interest rate of the loan is 15.76% per annum after taking into consideration initial transaction costs of approximately RMB13.1 million. The Group shall repay an amount which reduces the outstanding loans by US$10,000,000 (or such higher amount with Fine Process Limited's prior written consent) on the date falling 12 months after the first drawdown date and the aggregate loan in full on the date falling 24 months after the first drawdown date (or the date falling 36 months after the first draw date if the terms is extended in accordance with the facility agreement) in the case that the loan has not been prepaid. This loan facility is jointly guaranteed by the Ultimate Controlling Shareholders. The Facility Agreement is currently secured by the pledge of 75% equity interest of Shing Cheong Holdings, 75% equity interest of China Vast International and 100% equity interest of King Billion. During the month of April 2014, US$100,000,000 was drawn down by the Company under the Facility Agreement.

(b) In June 2014, the Group entered into an agreement with a trust fund company in the PRC, pursuant to which the trust fund company agreed to contribute RMB300,000,000 to a subsidiary of the Company, Langfang Shoukai Sheng Shi Investment, of which RMB60,000,000 and RMB240,000,000 were recorded as the registered capital and the capital reserve of Langfang Shoukai Sheng Shi Investment, respectively. Subsequent to this capital injection, the registered capital of Langfang Shoukai Sheng Shi Investment increased from RMB102,000,000 to RMB162,000,000 and 37.04% equity interest of Langfang Shoukai Sheng Shi Investment was held by the trust fund company accordingly. According to the agreement, the Group agrees to repurchase and the trust fund company agrees to sell the 37.04% equity interest in Langfang Shoukai Sheng Shi Investment at the end of 24 months of capital injection at a pre-determined price if the Group can provide certain additional pledged assets to the trust fund company within six months from the date of the capital injection completed. In the event the Group fails to provide certain additional pledged assets to the trust fund company, the Group is required to repurchase the 37.04% equity interest in Langfang Shoukai Sheng Shi Investment at the end of 12 months of capital injection at a pre-determined price. Langfang Shoukai Sheng Shi Investment is accounted for as a wholly owned subsidiary of the Company, taking into account that the Group can still exercise control over Langfang Shoukai Sheng Shi Investment, the compulsory repurchase arrangement and the trust fund company is not entitled to any profit distributions from Langfang Shoukai Sheng Shi Investment but receives fixed interest income, the transaction as a whole should be treated as a loan granted to the Group with a one-year term. The amount of RMB300,000,000, which had been fully drawn down on 27 June 2014, carries an effective interest rate at 24.61% per annum after taking into consideration initial transaction costs of RMB37,930,000, and is also secured by the remaining 62.96% equity interest held by the Group in Langfang Shoukai Sheng Shi Investment and guaranteed by Langfang City Property, a wholly owned subsidiary of the Company.

(c) On 6 August 2014, a written resolution was passed by the shareholders of the Company to approve the increase of the authorized share capital of the Company from HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 ordinary shares with a par value of HK$0.01 each.

(d) Pursuant to the loan capitalization agreement dated 6 August 2014 entered into by, among others, the Company and Profit East and the written resolution of the shareholders of the Company passed on 6 August 2014, the Directors were authorized to allot and issue 100 ordinary shares credited as fully paid at par to Profit East immediately prior to the Listing by way of capitalization of the entire Shareholder's Loan from Profit East of US$38,270,000 (equivalent to approximately RMB234,216,000 as at 31 March 2014) (the "Capitalization of Loan"), and the ordinary shares to be allotted and issued pursuant to the Capitalization of Loan shall rank pari passu in all respects with the existing issued ordinary shares including the entitlement to the Capitalization Issue (as defined in paragraph (e) below) and the ordinary shares to be issued pursuant to the Capitalization Issue.

(e) Pursuant to the written resolutions of the shareholders of the Company passed on 6 August 2014, conditional upon the share premium account of the Company being credited as a result of the issue of shares pursuant to the Hong Kong public offering and international offering of shares of the Company, the Directors were authorized to allot and issue a total of 1,271,979,900 ordinary shares credited as fully paid at par to the shareholders of the Company whose names appear on the register of members of the Company at close of business on the second business day immediately preceding the date on which dealing in the ordinary shares of the Company first commences on the Main Board of the Hong Kong Stock Exchange in proportion to their respective shareholdings by way of capitalization of the sum of HK$12,719,799 standing to the credit of the share premium account of the Company (the "Capitalization Issue"), and the ordinary shares to be allotted and issued pursuant to the Capitalization Issue shall rank pari passu in all respects with the existing issued ordinary shares and the ordinary shares to be issued pursuant to the Capitalization of Loan.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of the subsidiaries of the Company subsequent to 31 March 2014.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for the three years ended December 31, 2013 and the three months ended 31 March 2014 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information 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 is an illustrative statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if the Global Offering had taken place on March 31, 2014. The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes 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 the owners of the Company as at March 31, 2014 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as of March 31, 2014 as shown in the Accountants' Report set out in Appendix I of this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as of March 31, 2014(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)	
	(RMB in million)	(RMB in million)	(RMB in million)	(RMB)	(HK$)
Based on an Offer Price of HK$2.75 per Share	830.1	671.7	1,501.8	0.94	1.18
Based on an Offer Price of HK$3.75 per Share	830.1	923.7	1,753.8	1.10	1.38

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of March 31, 2014 is based on the consolidated net assets of the Group of RMB830.1 million as extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 328,000,000 Shares at the Offer Price of HK$2.75 and HK$3.75 per Share, respectively, after deduction of the underwriting fees and other related expenses to be incurred by us. No account has been taken of the Shares which may be issued pursuant to any exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.7959 to HK$1.00, which was the PBOC rate prevailing on August 1, 2014. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at after the adjustments as described in note 2 and on the basis of a total of 1,593,671,642 Shares (including Shares in issue as of the date of this prospectus, Shares to be issued pursuant to the Capitalization Issue without taking into account the effect of the Capitalization of Loan, and Shares to be issued pursuant to the Global Offering, but excluding Shares that may be issued upon the exercise of the Over-allotment Option). The unaudited pro forma adjusted consolidated net tangible assets per Share in Renminbi is converted to Hong Kong dollars at the exchange rate of RMB0.7959 to HK$1.00, which was the PBOC rate prevailing on August 1, 2014. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to March 31, 2014, in particular, the unaudited pro forma adjusted consolidated net tangible assets has not been adjusted for the effect of the Capitalization of Loan of which a loan in the sum of US$38,270,000 (approximately equal to RMB236,482,000) advanced to our Group by Profit East during the three months ended March 31, 2014 shall be capitalized by the issue of 100 Shares of our Company to Profit East. Had the Capitalization of Loan been taken into account by adjusting US$38,270,000 (approximately equal to RMB236,482,000) to the Group's unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company, the unaudited pro forma adjusted consolidated net tangible assets per Share would be increased to HK$1.37 and HK$1.56 based on the Offer Price of HK$2.75 per Share and HK$3.75 per Share respectively which is arrived at on the basis of a total of 1,600,000,000 Shares (including Shares in issue as of the date of this prospectus, Shares to be issued pursuant to the Capitalization Issue and Capitalization of Loan and Shares to be issued pursuant to the Global Offering, but excluding Shares that may be issued upon the exercise of the Over-allotment Option). US dollars amount is converted to Renminbi at an exchange rate of US$1.00 to RMB6.1793 and Renminbi amount is converted to Hong Kong dollars at an exchange rate of RMB0.7959 to HK$1.00, which were the PBOC rates prevailing on August 1, 2014. No representation is made that US dollars have been, could have been or may be converted to Renminbi amounts, or vice versa, at that rate or at all, and no representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

(5) The buildings included in property, plant and equipment and prepaid lease payments of the Group were valued by Savills Valuation and Professional Services Limited and the valuation report in respect of which is set out in Appendix III to this prospectus. According to the valuation report, such property interests of the Group as at May 31, 2014 amounted to approximately RMB68.5 million, while the aggregate carrying amount of the buildings included in property, plant and equipment and prepaid lease payments of the Group as at May 31, 2014 amounted to approximately RMB28.2 million. Had such property interests been stated at revaluation, additional annual depreciation and amortization of approximately RMB2.5 million will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state the property interests at cost model.

(B) ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA VAST INDUSTRIAL URBAN DEVELOPMENT COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China VAST Industrial Urban Development Company 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 statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2014 and related notes as set out on pages II-1 to 2 of Appendix II to the prospectus issued by the Company dated 13 August 2014 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to 2 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 (as defined in the Prospectus) on the Group's financial position as at 31 March 2014 as if the Global Offering had taken place at 31 March 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended 31 December 2013 and the three months ended 31 March 2014, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Pro Forma Financial Information

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

Reporting Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2014 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

13 August 2014

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the properties of the Group as at May 31, 2014.

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

The Directors
China VAST Industrial Urban Development Company Limited
Unit 20703, Level 6
Galaxy SOHO
No. A7 Xiaopaifang Hutong
Dongcheng District
Beijing
PRC

August 13, 2014

Dear Sirs,

In accordance with your instruction for us to value the properties situated in the People's Republic of China ("PRC") and Hong Kong in which China VAST Industrial Urban Development Company Limited (hereinafter referred to as the "Company") and its subsidiaries and associated companies (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market values of the properties as at May 31, 2014 (the "date of valuation") for incorporation in a Public Offering Document.

Basis of Valuation

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to 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 Institute of Surveyors.

For properties owned by the subsidiaries or associated companies of the Company in which the Group has an attributable interest of less than 100%, the Group's interest in the aggregate market value of the properties is equal to its proportionate attributable interest in such properties.

Property Categorisation and Valuation Methodology

In valuing the properties in Group I, which are held by the Group for sale or owner occupation in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

In valuing the properties in Group II, which are held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the properties on the basis of capitalisation of incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing the property in Group III, which is to be held by the Group for investment in the PRC, we have valued this property by making reference to comparable market transactions as available in the relevant markets assuming sale with the benefit of vacant possession.

In valuing the properties in Groups IV and V, which are held by the Group under development or for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments.

In valuing the properties in Groups VI and VII, which are leased by the Group in the PRC and Hong Kong, we have assigned no commercial values to such properties, due to either the short-term nature of the leases or the prohibition against assignments or sub-letting or otherwise due to lack of substantial profit rents.

Title Investigations

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and the legal opinion issued by the Group's legal advisor, Jingtian & Gongcheng (北京市競天公誠律師事務所), regarding the titles to the properties in the PRC.

Valuation Considerations and Assumptions

In valuing the properties in the PRC, we have assumed that transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the grantees or users of the properties have free and uninterrupted rights to occupy, use, transfer, lease and assign the properties for the whole of the respective unexpired terms as granted.

We have relied to a considerable extent on information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, site and floor areas, transaction records, sale prices, sales and purchases agreements and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Site Inspections

We have inspected the exterior and, where possible, the interior of the properties. Site inspections of the properties were carried out in November 2013 by our Mr James Woo (Director) and various valuation assistants. Mr James Woo is a professional member of The Royal Institution of Chartered Surveyors. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

Remarks

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony CK Lau
MHKIS MRICS RPS (GP)
Director

Note: Anthony CK Lau is a qualified estate surveyor and has over 21 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
Group I – Properties held by the Group for sale or owner occupation in the PRC				
1.	The unsold portion of Mingren Garden (名人小區), Southwestern comer of the junction of Heping Road and Yongfeng Road, Guangyang District, Langfang, Hebei Province, PRC	13,100,000	100%	13,100,000
2.	The unsold portion of Phase 1 of Foxconn City (富士康城), North of Zongsan Road and West of Jianshe South Road, Longhe Park, Langfang, Hebei Province, PRC	22,900,000	100%	22,900,000
3.	The unsold portion of Phase I of Hongtai Meishuguan (宏泰美樹館), South of Yunpeng Road and East of Jinyun Road, Langfang Economic and Technological Development Zone, Langfang, Hebei Province, PRC	397,500,000	100%	397,500,000
4.	The unsold portion of Yishujia (逸樹家小區), North of Langwan Road and South of Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	6,300,000	100%	6,300,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
5.	The unsold portion of Yihejiayuan Block A (頤和佳苑A區), West of West Ring Road and South of North Ring Road, Guangyang District, Langfang, Hebei Province, PRC	43,000,000	100%	43,000,000
6.	The unsold portion of Phase I of Hongtai Longdi (宏泰龍邸), South of South Outer Ring, North of Long River, East of Yinhe Road and West of Changfu Road, Longhe Park, Langfang, Hebei Province, PRC	937,000,000	100%	937,000,000
7.	Longhe Hi-Tech Industrial Park–Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)), West of Zongsan Road and South of Hengwu Road, Longhe Park, Langfang, Hebei Province, PRC			No commercial value
	Group I Sub-total:	1,419,800,000		1,419,800,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
Group II – Properties held by the Group for investment in the PRC				
8.	Chengxiang Building (城鄉大廈), No. 66 Xinhua Road, Guangyang District, Langfang, Hebei Province, PRC	109,100,000	100%	109,100,000
9.	Jinyue Building (金悅酒樓), Northwestern corner of the junction of Heping Road and Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	13,900,000	100%	13,900,000
10.	Longhe Tianfu Center (龍河天賦中心), South of South Outer Ring, North of Longhe, East of Yinghe Road and West of Chongfu Road, Longhe Park, Langfang, Hebei Province, PRC	85,400,000	100%	85,400,000
11.	Phases I and II of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	498,200,000	100%	498,200,000
	Group II Sub-total:	706,600,000		706,600,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
Group III – Property to be held by the Group for investment in the PRC				
12.	Phase III of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	32,500,000	100%	32,500,000
	Group III Sub-total:	32,500,000		32,500,000
Group IV – Properties held by the Group under development in the PRC				
13.	Phase II of Hongtai Longdi (宏泰龍邸), South of South Outer Ring, North of Long River, East of Yinhe Road and West of Changfu Road, Longhe Park, Langfang, Hebei Province, PRC	318,400,000	100%	318,400,000
14.	Phase II of Hongtai Meishuguan (宏泰美樹館), South of Yunpeng Road and East of Jinyun Road, Langfang Economic and Technological Development Zone, Langfang, Hebei Province, PRC	401,000,000	100%	401,000,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
15.	Phase I of Yulong Bay (御龍灣小區), Zhuanwayao, Shuangqiao District, Chengde, Hebei Province, PRC	533,200,000	100%	533,200,000
16.	Phase I of Electronic Information Industrial Park in Longhe Park (廊坊龍河高新區電子信息產業園), North of Zongsan Road, South of No. 2 Road and West of Henger Road, Longhe Park, Langfang, Hebei Province, PRC	135,100,000	100%	135,100,000
17.	Phase II of Chuangye Plaza (創業大廈二期), West of Changfu Road (No. 4 Road), Longhe Park, Langfang, Hebei Province, PRC	85,200,000	100%	85,200,000
18.	Shangbei Complex (尚北綜合樓), South of North Outer Ring and West of Xinhua Road, Guangyang District Langfang, Hebei Province, PRC	42,300,000	100%	42,300,000
	Group IV Sub-total:	1,515,200,000		1,515,200,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
Group V – Properties held by the Group for future development in the PRC				
19.	Phase II of Electronic Information Industrial Park in Longhe Park (廊坊龍河高新區電子信息產業園), North of Zongsan Road, South of No. 2 Road and West of Henger Road, Longhe Park, Langfang, Hebei Province, PRC	61,700,000	100%	61,700,000
20.	Phase II of Foxconn City (富士康城), North of Zongsan Road and West of Jianshe South Road, Longhe Park, Langfang, Hebei Province, PRC	487,100,000	100%	487,100,000
21.	Shangshi Jiahua (尚世嘉華), East of Sihai Road and South of Jinyuan Road, Langfang Economic and Technological Development Zone, Langfang, Hebei Province, PRC	244,900,000	100%	244,900,000
22.	Hongtai Commerce Plaza (宏泰商業廣場), West of Zong 10th Road and North of the Centre Ring of Longhe CBD, Longhe Park, Langfang, Hebei Province, PRC	394,100,000	100%	394,100,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
23.	Qingnianhui (青年匯), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC	24,300,000	100%	24,300,000
24.	Huahang Apartment (華航公寓), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC			No commercial value
25.	Gaodi Longhe Digital Technology Park (高迪龍河數碼科技城), East of Sanhao Road, West of Zongwu Road and South of Hengsan Road, Longhe Park, Langfang, Hebei Province, PRC	23,400,000	100%	23,400,000
26.	Phases II to IV of Yulong Bay (御龍灣小區), Zhuanwayao, Shuangqiao District, Chengde, Hebei Province, PRC	328,900,000	100%	328,900,000
27.	Tanghai Project (唐海項目), Qi Nongchang, Caofeidian District, Tangshan, Hebei Province, PRC	213,900,000	100%	213,900,000
	Group V Sub-total:	1,778,300,000		1,778,300,000

No.	Property	Market value in existing state as at May 31, 2014	Interests attributable to the Group	Market value attributable to the Group as at May 31, 2014
		(RMB)		(RMB)
Group VI – Property leased by the Group in the PRC				
28.	Units 20701 to 20703, 20705, 20706 and 20718 to 20720 on Level 6, Galaxy SOHO (銀河SOHO), No. A7 Xioapaifang Hutong, Dongcheng District, Beijing, PRC			No commercial value
	Group VI Sub-total:			Nil
Group VII – Property leased by the Group in Hong Kong				
29.	Office Unit No. 2 on 19/F, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road, Central, Hong Kong			No commercial value
	Group VII Sub-total:			Nil
	Grand Total:	5,452,400,000		5,452,400,000

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
1.	The unsold portion of Mingren Garden (名人小區), Southwestern comer of the junction of Heping Road and Yongfeng Road, Guangyang District, Langfang, Hebei Province, PRC	Mingren Garden (the "Development") is a residential/ commercial complex erected on various parcels of land with a total site area of approximately 29,141.04 sq.m. The property comprises the unsold portion of Block Nos. 1, 2, 8 and 9 and Commercial Block No. 1 of the Development with a total gross floor area of approximately 1,756.32 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential: 1,458.95 Commercial: 218.25 Ancillary: 79.12 **Total: 1,756.32** As advised by the Group, the property was completed in 2011. The land use rights of the property have been granted for three concurrent terms expiring on August 18, 2034 for commercial use and March 31, 2067 and November 25, 2068 for residential use respectively.	As at the date of valuation, the property was vacant.	RMB13,100,000 (100% interest attributable to the Group: RMB13,100,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 25,156.67 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Land Use Term Expiry Date
		(sq.m.)	
Lang An Guo Yong (2008) Di No. 01431	May 29, 2008	6,660.50	Residential: November 25, 2068
Lang An Guo Yong (2008) Di No. 01436	May 29, 2008	6,645.66	Residential: March 31, 2067
Lang An Guo Yong (2011) Di No. 01229	April 29, 2011	11,850.51	Commercial: August 18, 2034 Residential: November 25, 2068
	Total:	**25,156.67**	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the following Building Ownership Certificates, the building ownership of various buildings with a total gross floor area of 33,154.90 sq.m. is vested in Langfang City Property. Details of the certificates are as follows:

Block	Certificate No.	Date of Issue	Usage and Gross Floor Area	
			(sq.m.)	
No. 1	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201310155	September 10, 2013	Residential: Commercial: Basement:	5,213.56 1,368.60 546.63
No. 2	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201310162	September 10, 2013	Residential: Commercial: Basement:	9,283.20 138.64 958.73
No. 8	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201310158	September 10, 2013	Residential: Basement:	5,001.28 259.88
No. 9	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201310157	September 10, 2013	Residential: Basement:	7,734.72 828.16
Commercial Block No. 1	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201310156-01	September 10, 2013	Commercial:	1,821.50
			Total:	**33,154.90**

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

3. As advised by the Group, the property is free from any mortgages.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcels as stated in the Land Use Rights Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights (excluding the land use rights where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws; and

ii. Langfang City Property has obtained the building ownership of the buildings as stated in the Building Ownership Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out).

5. In our valuation, we have assumed average unit rates of about RMB6,500/sq.m. for residential and about RMB15,000/sq.m. for commercial (1/F).

6. In undertaking our valuation of the property, we have made reference to some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB7,000 to 7,700/sq.m. for residential and about RMB16,000 to 24,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
2.	The unsold portion of Phase 1 of Foxconn City (富士康城), North of Zongsan Road and West of Jianshe South Road, Longhe Park, Langfang, Hebei Province, PRC	Phase I of Foxconn City (the "Development") is a residential/commercial complex erected on a parcel of land with a site area of approximately 20,885.08 sq.m. The property comprises the unsold portion of Block Nos. 1 and 2 of Phase I of the Development with a total gross floor area of approximately 2,470.08 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: Use — Approximate Gross Floor Area (sq.m.) Residential — 201.81 Commercial — 2,268.27 **Total: — 2,470.08** As advised by the Group, the property was completed in 2011. The land use rights of the property have been granted for a term expiring on February 3, 2081 for residential use.	As at the date of valuation, the property was vacant.	RMB22,900,000 (100% interest attributable to the Group: RMB22,900,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c131002201000223 dated December 8, 2010, the land use rights of a parcel of land with a site area of 126,545.00 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term of 70 years for residential use at a land grant fee of RMB176,500,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2011) Di No. 00004 dated February 23, 2011, the land use rights of a parcel of land with a site area of 126,545.00 sq.m. have been granted to Langfang City Property for a term expiring on February 3, 2081 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the following Building Ownership Certificates, the building ownership of various buildings with a total gross floor area of 32,477.03 sq.m. is vested in Langfang City Property. Details of the certificates are as follows:

Block	Certificate No.	Date of Issue	Gross Floor Area
			(sq.m.)
No. 2	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201206598	August 3, 2012	8,261.68
No. 1	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201206600	August 3, 2012	7,442.88
No. 1	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201206601	August 3, 2012	7,554.27
No. 2	Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201209185	October 23, 2012	9,218.20
		Total:	**32,477.03**

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

4. As advised by the Group, the property is free from any mortgages.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang City Property has obtained the building ownership of the buildings as stated in the Building Ownership Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out).

6. In our valuation, we have assumed average unit rates of about RMB6,400/sq.m. for residential and about RMB12,000/sq.m. for commercial (1/F).

7. In undertaking our valuation of the property, we have made reference to some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB6,300 to 7,200/sq.m. for residential and about RMB11,000 to 15,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
3.	The unsold portion of Phase I of Hongtai Meishuguan (宏泰美樹館), South of Yunpeng Road and East of Jinyun Road, Langfang Economic and Technological Development Zone, Langfang, Hebei Province, PRC	Phase I of Hongtai Meishuguan (the "Development") is a residential development erected on two parcels of land with a total site area of approximately 55,039.40 sq.m. The property comprises the unsold portion of Phase I of the Development with a total gross floor area of approximately 71,193.38 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential 49,165.97 Commercial 5,109.91 Office 9,361.52 Ancillary 7,555.98 **Total: 71,193.38** As advised by the Group, the property was completed in 2013. The land use rights of the property have been granted for three concurrent terms expiring on March 15, 2044 and July 19, 2050 for commercial use and March 15, 2064 for residential use respectively.	As at the date of valuation, the office portion of the property with a gross floor area of approximately 9,361.52 sq.m. was occupied by the Group as sales center whilst the remaining portion was vacant.	RMB397,500,000 (100% interest attributable to the Group: RMB397,500,000) (refer to Note 11)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of 55,039.40 sq.m. have been granted to Langfang City Property. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Land Use Term Expiry Date
		(sq.m.)	
Lang Kai Guo Yong (2010) Di No. 029	May 24, 2010	4,143.20	Commercial: March 15, 2044
Lang Kai Guo Yong (2010) Di No. 051	July 21, 2010	50,896.20	Commercial: July 19, 2050 Residential: March 15, 2064
	Total:	55,039.40	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to two Construction Land Planning Permits – Nos. 212 and 221 dated February 13, 2012, Langfang City Property was permitted to use two parcels of land with a total site area of 98,694.80 sq.m.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Construction Land Planning Permits mentioned above.

3. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131001201100038 dated August 18, 2011, the approved construction scale of various buildings is 152,518.98 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permit mentioned above.

4. Pursuant to the Construction Works Commencement Permit – No. 131000S121040101 dated February 29, 2012, the construction works of various buildings with a construction scale of 123,760.62 sq.m. were approved to commence.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permit mentioned above.

5. Pursuant to two Pre-sale Permits – Lang Kai (2012) Fang Yu Shou Zheng Di No. 004 and Lang Kai (2014) Fang Yu Shou Zheng Di No. 004 dated May 18, 2012 and March 3, 2014 respectively, a total gross floor area of 87,058.61 sq.m. was permitted for pre-sale.

   As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits mentioned above.

6. Pursuant to the Record of Acceptance Examination Upon Project Completion dated November 21, 2013, the construction works of Phase 1 of the Development have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Record of Acceptance Examination Upon Project Completion mentioned above.

7. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Kai Zi Di No. H5074, the building ownership of a composite building with a gross floor area of 9,361.52 sq.m. is vested in Langfang City Property.

   As advised by the Group, the building as stated in the Building Ownership Certificate mentioned above comprises portion of the property.

8. As advised by the Group, portions of the property with a total gross floor area of approximately 8,335.67 sq.m. have been sold under various sales and purchase agreements at a total consideration of approximately RMB46,400,000. We have taken into account the said amount in our valuation.

9. As confirmed by the Group, the property is subject to a mortgage.

10. As advised by the Group, the land use rights of the Development were acquired in August 2010 and the total land premium of approximately RMB226,000,000 had been paid in full.

11. For reference purpose, the market value of the office portion of the property with a gross floor area of approximately 9,361.52 sq.m. (which was occupied by the Group as sales center) was RMB68,500,000 as at the date of valuation.

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

    i. Langfang City Property has legally obtained the land use rights of the land parcels as stated in the Land Use Rights Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

    ii. Langfang City Property has obtained the building ownership of the building as stated in the Building Ownership Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out), provided that the relevant requirements of the mortgage agreements have been fulfilled;

    iii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property;

    iv. Langfang City Property is entitled to sell, transfer, let and mortgage the unsold commodity units of the property to local and overseas person, company or organization; and

    v. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

13. In our valuation, we have assumed average unit rates of about RMB5,300 to 5,800/sq.m. for residential, about RMB7,300/sq.m. for office and about RMB8,800/sq.m. for commercial (1/F) .

14. In undertaking our valuation of the property, we have made reference to various recent sales transactions of the Development and some asking price references of some office developments which have characteristics comparable to the property. The prices of those sales transactions are about RMB5,300 to 5,900/sq.m. for residential and about RMB8,800/sq.m. for commercial (1/F) and the prices of those asking price references are about RMB7,900 to 8,800/sq.m. for office. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
4.	The unsold portion of Yishujia (逸樹家小區), North of Langwan Road and South of Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	Yishujia (the "Development") is a residential/commercial complex erected on a parcel of land with a site area of approximately 94,829.08 sq.m. The property comprises the unsold portion of Block Nos. 11 and 18 and various car parking spaces of the Development with a total gross floor area of approximately 1,053.97 sq.m. As advised by the Group, the property was completed in 2010. The land use rights of the property have been granted for a term expiring on June 25, 2074 for residential use.	As at the date of valuation, the property was vacant.	RMB6,300,000 (100% interest attributable to the Group: RMB6,300,000)

Notes:

1. Pursuant to the Land Use Rights Certificate - Lang Guo Yong (2004) Di No. 07370 dated October 11, 2004, the land use rights of a parcel of land with a site area of 94,829.08 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term expiring on June 25, 2074 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the following Building Ownership Certificates, the building ownership of two buildings with a total gross floor area of 9,076.56 sq.m. is vested in Langfang City Property. Details of the certificates are as follows:

Block	Certificate No.	Date of Issue	Usage and Gross Floor Area (sq.m.)
No. 11	Lang Fang Quan Zheng Zi Di No. 200910255	August 18, 2009	Residential: 3,678.62 Carpark: 587.46
No. 18	Lang Fang Quan Zheng Zi Di No. 201005086	April 28, 2010	Residential: 4,142.78 Basement: 667.70
		Total:	9,076.56

   As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

3. As advised by the Group, the property is free from any mortgages.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights (excluding the land use rights where the buildings erected thereon have been sold out) within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang City Property has obtained the building ownership of the buildings as stated in the Building Ownership Certificates mentioned above (excluding the portions which have been sold out) and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership.

5. In our valuation, we have assumed average unit rates of about RMB7,000 to 7,700/sq.m. for residential.

6. In undertaking our valuation of the property, we have made reference to some asking price references of some residential developments which have characteristics comparable to the property. The prices of those asking price references are about RMB6,500 to 8,500/sq.m. for residential. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
5.	The unsold portion of Yihejiayuan Block A (頤和佳苑A區), West of West Ring Road and South of North Ring Road, Guangyang District, Langfang, Hebei Province, PRC	Yihejiayuan Block A (the "Development") is a residential development erected on a parcel of land with a site area of approximately 35,430.00 sq.m. The property comprises the unsold commercial portion of Block Nos. 11, 15 and 16 of the Development with a total gross floor area of approximately 3,490.93 sq.m. As advised by the Group, the property was completed in 2010. The land use rights of the property have been granted for wholesale and retail uses.	As at the date of valuation, the property was vacant.	RMB43,000,000 (100% interest attributable to the Group: RMB43,000,000)

Notes:

1. Pursuant to the Land Grant Contract – No. C131000120140007 dated March 24, 2014, the land use rights of a parcel of land with a site area of 4,298.85 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term of 40 years for wholesale and retail uses at a land grant fee of RMB20,141,800.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2014) Di No. 00538 dated March 25, 2014, the land use rights of a parcel of land with a site area of 4,298.85 sq.m. have been granted to Langfang City Property for wholesale and retail uses.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the Sale Permit – (Lang Fang) Xian Shou Bei An Zheng Di No. (201401) dated April 15, 2014, a total gross floor area of 8,051.27 sq.m. was permitted for sale.

   As advised by the Group, the property comprises portion of the buildings as stated in the Sale Permit mentioned above.

4. Pursuant to the Record of Acceptance Examination Upon Project Completion dated September 20, 2011, the construction works of Yihejiayuan Block A have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Record of Acceptance Examination Upon Project Completion mentioned above.

5. As confirmed by the Group, the property is free from any mortgages.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights (excluding the land use rights where the buildings erected thereon have been sold out) within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang City Property is entitled to sell the property.

7. In our valuation, we have assumed an average unit rate of about RMB14,000/sq.m. for commercial (1/F).

8. In undertaking our valuation of the property, we have made reference to some asking price references of some commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB11,000 to 18,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
6.	The unsold portion of Phase I of Hongtai Longdi (宏泰龍邸), South of South Outer Ring, North of Long River, East of Yinhe Road and West of Changfu Road, Longhe Park, Langfang, Hebei Province, PRC	Hongtai Longdi (the "Development") is a residential/commercial complex being erected on a parcel of land with a site area of approximately 126,929.00 sq.m. The property comprises the unsold portion of Phase I of the Development with a total gross floor area of approximately 170,618.87 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant.	RMB937,000,000 (100% interest attributable to the Group: RMB937,000,000)

Use	Approximate Gross Floor Area
	(sq.m.)
Residential	121,831.27
Commercial	11,201.17
Ancillary	37,586.43
Total:	**170,618.87**

As advised by the Group, the property was completed in 2014.

The land use rights of the property have been granted for a term expiring on March 31, 2080 for residential use.

Notes:

1. Pursuant to the Land Grant Contract No. c13100220090005 and its supplementary agreement dated November 6, 2009 and May 30, 2011 respectively, the land use rights of a parcel of land with a site area of 206,879.09 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial finance use and 70 years for residential use respectively at a total land grant fee of RMB581,295,600.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) Di No. 00058 dated December 10, 2010, the land use rights of a parcel of land with a site area of 123,332.91 sq.m. have been granted to Langfang City Property for a term expiring on March 31, 2080 for residential use.

   Pursuant to the supplementary agreement to the Land Grant Contract No. c13100220090005 dated February 16, 2011, the site area of the land parcel as stated in the Land Use Rights Certificate mentioned above has been revised to 126,929.00 sq.m.

   As advised by the Group, the property comprises portion of the land parcel mentioned above.

3. Pursuant to two Pre-sale Permits – (Lang) Fang Yu Shou Zheng Di Nos. 20120030 and 20130015 dated August 29, 2012 and April 18, 2013 respectively, a total gross floor area of approximately 135,323.86 sq.m. was permitted for pre-sale.

   As advised by the Group, the buildings as stated in Pre-sale Permits above comprises portion of the property.

4. Pursuant to thirteen Certified Construction Completion Reports – Nos. LJJ 0005158 to 0005159 and 0005546 to 0005655 dated between December 2013 and May 2014, the construction works of the buildings with a total gross floor area of approximately 173,168.45 sq.m. have been certified for completion.

   As advised by the Group, the property comprises portions of the buildings as stated in the Certified Construction Completion Reports mentioned above.

5. As advised by the Group, portions of the property with a total gross floor area of approximately 111,289.57 sq.m. have been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB628,300,000. We have taken into account the said amount in our valuation.

6. As advised by the Group, the property is subject to a mortgage.

7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the property and, upon completion of the application for the revised Land Use Rights Certificate, is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the new title documents under the protection of PRC law, provided that the relevant requirements of the mortgage agreement have been fullfilled;

   ii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property;

   iii. Langfang City Property is entitled to sell, transfer, let and mortgage the unsold commodity units of the property to local and overseas purchasers; and

   iv. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

8. In our valuation, we have assumed average unit rates of about RMB6,500/sq.m. for residential and RMB17,000/sq.m. for commercial (1/F).

9. In undertaking our valuation of the property, we have made reference to various recent sales transactions of the Development which have characteristics comparable to the property. The prices of those sales transactions are about RMB6,400 to 6,500/sq.m. for residential and RMB13,000 to 15,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions. Due adjustments to the unit rates of those sales transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group I – Properties held by the Group for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
7.	Longhe Hi-Tech Industrial Park–Talent Home (Public Rental Housing) (龍河高新區人才家園(公租房)), West of Zongsan Road and South of Hengwu Road, Longhe Park, Langfang, Hebei Province, PRC	Longhe Hi-Tech Industrial Park – Talent Home (Public Rental Housing) (the "Development") is a public rental housing project erected on a parcel of land with a site area of approximately 12,666.00 sq.m. The property has a total gross floor area of approximately 24,346.02 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: Use — Approximate Gross Floor Area (sq.m.) Residential — 20,515.74 Commercial — 1,785.24 Ancillary — 2,045.04 **Total: — 24,346.02** As advised by the Group, the property was completed in 2014. The land use rights of the property have been allocated for residential use.	As at the date of valuation, the property was vacant.	No commercial value (refer to Note 9)

Notes:

1. Pursuant to the Decision Letter for the State-owned Construction Land Allocation (國有建設用地劃撥決定書) – H13100220110004 dated November 24, 2011, Langfang Hongsheng Property Development Co., Ltd. (廊坊市宏盛房地產開發有限公司) ("Langfang Hongsheng"), a 100%-owned subsidiary of the Company, was agreed to acquire a parcel of allocated land with a site area of 12,666.00 sq.m. at a total land allocation fee of RMB2,890,218.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2011) Di No. 00070 dated December 16, 2011, the land use rights of the property with a site area of 12,666.00 sq.m. have been allocated to Langfang Hongsheng for residential use.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131000201100035 dated July 27, 2011, Langfang Hongsheng was permitted to use a parcel of land with a site area of 12,666.00 sq.m. for development.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 1310001201100070 dated December 28, 2011, the approved construction scale of the property is 24,346.02 sq.m.

5. Pursuant to the Construction Works Commencement Permit – No. 131000S110390101 dated February 27, 2014, the construction works of the property with a construction scale of 24,346.02 sq.m. were approved to commence.

6. Pursuant to two Certified Construction Completion Reports – Nos. LJJ 0005156 to 0005157 dated May 31, 2014, the construction works of the property with a total gross floor area of approximately 24,346.02 sq.m. have been certified for completion.

7. As confirmed by the Group, the property is free from any mortgages.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang Hongsheng has obtained the land use rights of the property by ways of allocation and is entitled to construct public rental housing according to the title documents; and

   ii. Langfang Hongsheng has obtained the necessary permits and approvals for the existing construction stage of the property.

9. We have ascribed no commercial value to the property as the property shall not be transferred or leased to other parties without approval from relevant government authorities.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
8.	Chengxiang Building (城鄉大廈), No. 66 Xinhua Road, Guangyang District, Langfang, Hebei Province, PRC	Chengxiang Building (the "Development") is a 12-storey office building erected on a parcel of land with a site area of approximately 2,235.95 sq.m. The property has a gross floor area of approximately 11,365.00 sq.m. As advised by the Group, the property was completed in 2004. The land use rights of the property have been granted for a term expiring in September 2045 for commercial and residential uses respectively.	As at the date of valuation, the property was subject to a tenancy due to expire on August 18, 2015 at an annual rent of approximately RMB7,800,000.	RMB109,100,000 (100% interest attributable to the Group: RMB109,100,000)

Notes:

1. Pursuant to the Land Use Rights Certificate - Lang Guo Yong (1995) Zi Di No. 00688 dated September 10, 1995, the land use rights of the property with a site area of 2,235.95 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term expiring in September 2045 for commercial and residential uses respectively.

2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Zi Di No. C4074 dated May 8, 2004, the building ownership of the property with a gross floor area of 11,365.00 sq.m. is vested in Langfang City Property for office use.

3. As confirmed by the Group, the property is subject to a mortgage.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights (excluding the land use rights where the buildings erected thereon have been sold out) within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang City Property has obtained the building ownership of the building as stated in the Building Ownership Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out), provided that the relevant requirements of the mortgage agreement have been fulfilled; and

   iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

5. Major assumptions adopted in our valuation are listed as below:

Use	**Market monthly unit rent**	**Capitalization rate**
	(RMB/sq.m.)	
Office	54	5.5%

In undertaking our valuation of the property, we have made reference to some relevant asking monthly rental references of office developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB50 to 55/sq.m. for office. The unit monthly rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit monthly rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

We have collected and made due analysis on various recent comparable transactions for office property, we have noted that the capitalization rates implied in those market transactions are generally within the range from 5.0% to 6.0% for similar office developments in the locality. We are of the view that the capitalization rate adopted in our valuation is reasonable having regard to the capitalization rates of the aforesaid market comparables.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
9.	Jinyue Building (金悦酒樓), Northwestern corner of the junction of Heping Road and Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	Jinyue Building (the "Development") is a 4-storey commercial building erected on a parcel of land with a site area of approximately 21,104.44 sq.m. The property comprises various commercial units with a total gross floor area of approximately 2,094.00 sq.m. As advised by the Group, the property was completed in 2002. The land use rights of the property have been granted for a term expiring on April 3, 2072 for residential use.	As at the date of valuation, the property was subject to a tenancy due to expire on April 30, 2020 at an annual rent of approximately RMB730,000.	RMB13,900,000 (100% interest attributable to the Group: RMB13,900,000)

Notes:

1. Pursuant to the Land Use Rights Certificate - Lang Guo Yong (2002) Zi Di No. 00750 dated August 18, 2002, the land use rights of a parcel of land with a site area of 21,104.44 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term expiring on April 3, 2072 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Zi Di No. C3690 dated August 29, 2002, the building ownership of the property with a gross floor area of 2,094.00 sq.m. is vested in Langfang City Property for commercial use.

3. As confirmed by the Group, the property is subject to a mortgage.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights (excluding the land use rights where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Building Ownership Certificate under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang City Property has obtained the building ownership of the building as stated in the Building Ownership Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out), provided that relevant requirements of the mortgage agreement have been fulfilled; and

iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

5. Major assumptions adopted in our valuation are listed as below:

Use	Market monthly unit rent	Capitalization rate
	(RMB/sq.m.)	
Commercial (1/F)	50	4.5%

In undertaking our valuation of the property, we have made reference to some relevant asking monthly rental references of commercial developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB44 to RMB52/sq.m. for commercial property (1/F). The unit monthly rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit monthly rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

We have collected and made due analysis on various recent comparable transactions for commercial property (1/F), we have noted that the capitalization rates implied in those market transactions are generally within the range from 4.0% to 5.0% for similar commercial developments (1/F) in the locality. We are of the view that the capitalization rate adopted in our valuation is reasonable having regard to the capitalization rates of the aforesaid market comparables.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
10.	Longhe Tianfu Center (龍河天賦中心), South of South Outer Ring, North of Longhe, East of Yinghe Road and West of Chongfu Road, Longhe Park, Langfang, Hebei Province, PRC	Longhe Tianfu Center (the "Development") is a 4-storey commercial building erected on a parcel of land with a site area of approximately 8,632.51 sq.m. The property comprises various commercial units with a total gross floor area of approximately 8,895.33 sq.m. As advised by the Group, the property was completed in 2012. The land use rights of the property have been granted for a term expiring on March 31, 2050 for commercial finance use.	As at the date of valuation, portion of the property was occupied by the Group for office use.	RMB85,400,000 (100% interest attributable to the Group: RMB85,400,000)

Notes:

1. Pursuant to the Land Use Rights Certificate - Lang An Guo Yong (2014) Di No. 00004 dated January 23, 2014, the land use rights of a parcel of land with a site area of 8,632.51 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term expiring on March 31, 2050 for commercial finance use.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property with a total gross floor area of 8,895.33 sq.m. is vested in Langfang City Property. Details of the certificates are as follows:

Certificate No.	Date of Issue	Usage and Gross Floor Area (sq.m.)
Lang fang Shi Fang Quan Zheng Lang Zi Di No. 201208442-01	September 24, 2012	Commercial: 6,976.74
Lang fang Shi Fang Quan Zheng Lang Zi Di No. 201208442-02	September 24, 2012	Commercial: 1,918.59
	Total:	8,895.33

3. As advised by the Group, the property is free from any mortgages.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights (excluding the land use rights where the buildings erected thereon have been sold out) within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang City Property has obtained the building ownership of the buildings as stated in the Building Ownership Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out).

5. Major assumptions adopted in our valuation are listed as below:

Use	**Market monthly unit rent**	**Capitalization rate**
	(RMB/sq.m.)	
Commercial (1/F)	56	4.0%

In undertaking our valuation of the property, we have made reference to some relevant asking monthly rental references of commercial developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB45 to RMB60/sq.m. for commercial property (1/F). The unit monthly rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit monthly rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

We have collected and made due analysis on various recent comparable transactions for commercial property (1/F), we have noted that the capitalization rates implied in those market transactions are generally within the range from 3.5% to 5.0% for similar commercial developments (1/F) in the locality. We are of the view that the capitalization rate adopted in our valuation is reasonable having regard to the capitalization rates of the aforesaid market comparables.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
11.	Phases I and II of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	SME Entrepreneurial Base (the "Development") is an industrial development being erected on a parcel of land with a site area of approximately 181,500.00 sq.m. The property comprises Phases I and II of the Development with a total gross floor area of approximately 126,394.89 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Industrial: 89,650.79 Residential: 20,163.60 Office: 16,580.50 **Total: 126,394.89** As advised by the Group, the property was completed in 2012. The land use rights of the property have been granted for a term expiring on April 12, 2060 for industrial use.	As at the date of valuation, portion of the property was subject to various tenancies with the latest one due to expire in December 2018 at a total monthly rent of approximately RMB400,000 and the remaining portion of the property was vacant.	RMB498,200,000 (100% interest attributable to the Group: RMB498,200,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c13100220100002 dated January 10, 2010, the land use rights of a parcel of land with a site area of 181,500.00 sq.m. have been agreed to be granted to Langfang Hongsheng Real Estate Development Co., Ltd. (廊坊市宏盛房地產開發有限公司) ("Langfang Hongsheng"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB57,500,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) Di No. 00008 dated March 15, 2010, the land use rights of a parcel of land with a site area of 181,500.00 sq.m. have been granted to Langfang Hongsheng for a term expiring on April 12, 2060 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to 24 Building Ownership Certificates – Lang Fang Shi Fang Quan Zheng Zi Di Nos. 201209286 to 201209292, 201209295 to 201209302 and 201209305 to 201209313, the building ownership of the property with a total gross floor area of 126,394.89 sq.m. is vested in Langfang Hongsheng for workshop, dormitory, composite and basement uses.

4. As confirmed by the Group, the property is subject to a mortgage.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang City Property has obtained the building ownership of the building as stated in the Building Ownership Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such building ownership (excluding the portions which have been sold out), provided that relevant requirements of the mortgage agreement have been fulfilled; and

   iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

6. Major assumptions adopted in our valuation are listed as below:

Use	Market monthly unit rent	Capitalization rate
	(RMB/sq.m.)	
Industrial	19–23	5.5%
Office	26	5.5%
Residential	16	5.5%

In undertaking our valuation of the property, we have made reference to some relevant asking monthly rental references of industrial and residential developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB20 to RMB21/sq.m. for industrial developments, about RMB36 to RMB42/sq.m. for office developments and about RMB18 to RMB23/sq.m. for residential developments. The unit monthly rents assumed by us are consistent with the said asking monthly rental references. Due adjustments to the unit monthly rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

We have collected and made due analysis on various recent comparable transactions for industrial, office and residential properties, we have noted that the capitalization rates implied in those market transactions are generally within the range from 4.0% to 7.0% for similar industrial, office and residential developments in the locality. We are of the view that the capitalization rates adopted in our valuation are reasonable having regard to the capitalization rates of the aforesaid market comparables.

VALUATION CERTIFICATE

Group III – Property to be held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
12.	Phase III of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	SME Entrepreneurial Base (the "Development") is an industrial development being erected on a parcel of land with a site area of approximately 181,500.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase III of the Development with a total gross floor area of approximately 64,489.00 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Industrial: 60,895.07 Ancillary: 3,593.93 **Total: 64,489.00** The land use rights of the property have been granted for a term expiring on April 12, 2060 for industrial use.	As at the date of valuation, the property was vacant land.	RMB32,500,000 (100% interest attributable to the Group: RMB32,500,000)

Notes:

1. Pursuant to the Land Grant Contract – No. C13100220100002 dated January 10, 2010, the land use rights of a parcel of land with a site area of 181,500.00 sq.m. have been agreed to be granted to Langfang Hongsheng Real Estate Development Co., Ltd. (廊坊市宏盛房地產開發有限公司) ("Langfang Hongsheng"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB57,500,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) Di No. 00008 dated March 15, 2010, the land use rights of a parcel of land with a site area of 181,500.00 sq.m. have been granted to Langfang Hongsheng for a term expiring on April 12, 2060 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131002201000001 dated March 17, 2010, Langfang Hongsheng was permitted to use a parcel of land with a site area of 181,500.00 sq.m. for industrial development.

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. As confirmed by the Group, the property is subject to a mortgage.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled; and

   ii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

6. In our valuation, we have assumed an accommodation value of about RMB504/sq.m. for the property.

7. In undertaking our valuation of the property, we have made reference to various recent land sale transactions which have characteristics comparable to the property. The accommodation values of those land sale transactions are about RMB510 to 520/sq.m. The accommodation value assumed by us is consistent with the said sale transactions. Due adjustments to the accommodation values of those land sale transactions have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

* Accommodation value is the value of the land sale price analyzed on basis of sq.m. of the permissible gross floor area and is a common way of analysis of land sale transactions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
13.	Phase II of Hongtai Longdi (宏泰龍邸), South of South Outer Ring, North of Long River, East of Yinhe Road and West of Changfu Road, Longhe Park, Langfang, Hebei Province, PRC	Hongtai Longdi (the "Development") is a residential/commercial complex being erected on a parcel of land with a site area of approximately 126,929.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase II of the Development with a total gross floor area of approximately 175,920.50 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential: 107,807.58 Commercial: 6,382.00 Ancillary: 61,730.92 **Total: 175,920.50** As advised by the Group, the property is scheduled for completion in the 4th quarter of 2015. The land use rights of the property have been granted for a term expiring on March 31, 2080 for residential use.	As at the date of valuation, the property was under construction.	RMB318,400,000 (100% interest attributable to the Group: RMB318,400,000)

Notes:

1. Pursuant to the Land Grant Contract No. c13100220090005 and its supplementary agreement dated November 6, 2009 and May 30, 2011 respectively, the land use rights of a parcel of land with a site area of 206,879.09 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial finance use and 70 years for residential use respectively at a total land grant fee of RMB581,295,600.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) Di No. 00058 dated December 10, 2010, the land use rights of a parcel of land with a site area of 123,332.91 sq.m. have been granted to Langfang City Property for a term expiring on March 31, 2080 for residential use.

   Pursuant to the supplementary agreement to the Land Grant Contract No. c13100220090005 dated February 16, 2011, the site area of the land parcel as stated in the Land Use Rights Certificate mentioned above has been revised to 126,929.00 sq.m.

   As advised by the Group, the property comprises portion of the land parcel mentioned above.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131000200900029 dated November 18, 2009, Langfang City Property was permitted to use a parcel of land with a site area of 224,773.00 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to three Construction Works Planning Permits – Jian Zi Di Nos. 131000201300049, 13100020120043 and 131000201300065 dated August 1, 2012, October 24, 2013 and December 31, 2013 respectively, the approved construction scale of various buildings is 195,800.35 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to three Construction Works Commencement Permit – Nos. 131000S130230101 to 131000S130230103 dated February 26, 2014, the construction works of various buildings with a construction scale of 130,058.26 sq.m. were approved to commence.

   As advised by the Group, the buildings as stated in Construction Works Commencement Permits mentioned above comprise portion of the property.

6. As advised by the Group, the total construction cost expended as at the date of valuation was approximately RMB29,300,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB307,700,000. We have taken into account the said amounts in our valuation.

7. The market value of the property as if completed as at the date of valuation is estimated to be in the sum of RMB908,900,000.

8. As advised by the Group, the property is subject to a mortgage.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the property and, upon completion of the application for the revised Land Use Rights Certificate, is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the new title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property; and

   iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

10. In our valuation, we have assumed average unit rates of about RMB6,500/sq.m. for residential and about RMB17,000/sq.m. for commercial (1/F).

11. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development which have characteristics comparable to the property. The prices of those sales transactions are about RMB6,400 to 6,500/sq.m. for residential and RMB13,000 to 15,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions. Due adjustments to the unit rates of those sales transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
14.	Phase II of Hongtai Meishuguan (宏泰美樹館), South of Yunpeng Road and East of Jinyun Road, Langfang Economic and Technological Development Zone, Langfang, Hebei Province, PRC	Phase II of Hongtai Meishuguan (the "Development") is a residential development being erected on three parcels of land with a total site area of approximately 65,700.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase II of the Development with a total gross floor area of approximately 121,954.77 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential: 77,887.67 Ancillary: 44,067.10 **Total: 121,954.77** As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. The land use rights of the property have been granted for three concurrent terms expiring on March 15, 2064 and March 31, 2081 for residential use and April 1, 2061 for road use respectively.	As at the date of valuation, the property was under construction.	RMB401,000,000 (100% interest attributable to the Group: RMB401,000,000)

Notes:

1. Pursuant to two Land Grant Contracts – Nos. C13000120110018 and C1300010110020 dated March 21, 2011, the land use rights of two parcels of land with a total site area of 33,865.10 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for two concurrent terms of 70 years for residential use and 50 years for road use respectively at a total land grant fee of RMB85,120,747.

   As advised by the Group, the land parcels as stated in the Land Grant Contracts mentioned above comprise portion of the property.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of the property with a total site area of 65,700.00 sq.m. have been granted to Langfang City Property. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Land Use Term Expiry Date
		(sq.m.)	
Lang Kai Guo Yong (2010) Di No. 031	May 24, 2010	31,834.90	Residential: March 15, 2064
Lang Kai Guo Yong (2011) Di No. 069	September 19, 2011	28,516.10	Residential: March 31, 2081
Lang Kai Guo Yong (2011) Di No. 075	November 7, 2011	5,349.00	Road: April 1, 2061
	Total:	**65,700.00**	

3. Pursuant to two Construction Land Planning Permits – Di Zi Di No. 131001201100031 and No. 212 dated September 9, 2011 and February 13, 2012 respectively, Langfang City Property was permitted to use two parcels of land with a total site area of 76,314.30 sq.m.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Construction Land Planning Permits mentioned above.

4. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 131001201100038 and 131001201200060 dated August 18, 2011 and December 26, 2012 respectively, the total approved construction scale of the property is 245,715.39 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to the Construction Works Commencement Permit – No. 131000S131470101 dated December 25, 2013, the construction works of the property with a construction scale of 121,954.77 sq.m. were approved to commence.

6. Pursuant to the Pre-sale Permit – Lang Kai (2014) Fang Yu Shou Zheng Di No. 012 dated May 16, 2014, a gross floor area of 53,397.23 sq.m. was permitted for pre-sale.

   As advised by the Group, the buildings as stated in the Pre-sale Permit mentioned above comprise portion of the property.

7. As advised by the Group, the total construction cost expended as at the date of valuation was approximately RMB152,100,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB67,700,000. We have taken into account the said amounts in our valuation.

8. The market value of the property as if completed as at the date of valuation is estimated to be in the sum of RMB607,000,000.

9. As confirmed by the Group, the property is subject to two mortgages.

10. As advised by the Group, the land use rights of the Development were acquired in August 2010 and the total land premium of approximately RMB226,000,000 had been paid in full.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

    i. Langfang City Property has legally obtained the land use rights of the land parcels as stated in the Land Use Rights Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreements have been fulfilled;

    ii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property;

    iii. Langfang City Property is entitled to sell, transfer, let and mortgage the unsold commodity units of the property to local and overseas person, company or organization; and

    iv. in respect of the mortgaged portions of the property, prior approvals from the mortgagees have to be obtained within the mortgage periods before Langfang City Property can sell, transfer, let or mortgage such mortgaged portions.

12. In our valuation, we have assumed average unit rates of about RMB5,800 to RMB10,000/sq.m. for residential.

13. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some residential developments which have characteristics comparable to the property. The prices of those sales transactions are about RMB5,800 to 5,900/sq.m. for residential and the prices of those asking price references are about RMB6,500 to 14,000/sq.m. for residential. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
15.	Phase I of Yulong Bay (御龍灣小區), Zhuanwayao, Shuangqiao District, Chengde, Hebei Province, PRC	Phase I of Yulong Bay (the “Development”) is a residential/ commercial development being erected on a parcel of land with a site area of approximately 39,318.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase I of the Development with a total gross floor area of approximately 157,112.65 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential 120,973.65 Commercial 5,289.00 Ancillary 30,850.00 **Total: 157,112.65** As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2014. The land use rights of the property have been granted for two concurrent terms expiring on April 22, 2050 for commercial use and April 22, 2080 for residential use respectively.	As at the date of valuation, the property was under construction.	RMB533,200,000 (100% interest attributable to the Group: RMB533,200,000)

Notes:

1. Pursuant to two Land Grant Contracts – Nos. C130800-2010-27 and C130800-2010-43 dated April 22, 2010 and July 8, 2010 respectively and its supplementary agreement dated January 17, 2013, the land use rights of two parcels of land with a total site area of 187,106.00 sq.m. have been agreed to be granted to Chengde Yonglun Property Development Co., Ltd. (承德市永侖房地產開發有限公司) (“Chengde Yonglun”), a 100%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB260,440,000.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the Land Use Rights Certificate – Cheng Shi Guo Yong (2010) Di No. 184 dated June 1, 2010, the land use rights of the property with a site area of 39,318.00 sq.m. have been granted to Chengde Yonglun for two concurrent terms expiring on April 22, 2050 for commercial use and April 22, 2080 for residential use respectively.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 130802201100008 dated May 12, 2011, Chengde Yonglun was permitted to use a parcel of land with a site area of 58,317.81 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 130802201100020 and 130802201100021 dated June 21, 2011, the total approved construction scale of the property is 157,112.65 sq.m.

5. Pursuant to two Construction Works Commencement Permits – Nos. 130801S110540101 and 130801S110550201 dated September 21, 2011, the construction works of the property with a construction scale of 156,990.65 sq.m. were approved to commence.

6. Pursuant to the Pre-sale Permit – (Cheng) Fang Yu Shou Zi Di No. 2012015 dated June 19, 2012, various buildings with a gross floor area of 87,244.58 sq.m. were permitted for pre-sale.

   As advised by the Group, the buildings as stated in the Pre-sale Permit mentioned above comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB386,100,000 whereas the total construction cost to be expended was approximately RMB11,100,000. We have taken into account the said amounts in our valuation.

8. As advised by the Group, portions of the property with a total gross floor area of approximately 68,379.94 sq.m. have been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB276,600,000. We have taken into account the said amount in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be in the sum of RMB615,700,000.

10. As advised by the Group, the property is free from any mortgages.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

    i. Chengde Yonglun has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws;

    ii. Chengde Yonglun has obtained the necessary permits and approvals for the existing construction stage of the property; and

    iii. Chengde Yonglun is entitled to sell, transfer, let and mortgage the unsold commodity units of the property to local and overseas person, company or organization.

12. In our valuation, we have assumed average unit rates of about RMB4,300/sq.m. for residential and about RMB13,000/sq.m. for commercial (1/F).

13. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some commercial developments which have characteristics comparable to the property. The prices of those sales transactions are about RMB4,200 to 4,300/sq.m. for residential and the prices of those asking price references are about RMB13,000 to 16,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
16.	Phase I of Electronic Information Industrial Park in Longhe Park (廊坊龍河高新區電子信息產業園), North of Zongsan Road, South of No. 2 Road and West of Henger Road, Longhe Park, Langfang, Hebei Province, PRC	Phase I of Electronic Information Industrial Park in Longhe Park (the "Development") is an industrial complex being erected on a parcel of land with a site area of approximately 125,375.75 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase I of the Development with a total gross floor area of approximately 77,195.00 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: Use — Approximate Gross Floor Area (sq.m.) Industrial — 77,195.00 **Total: — 77,195.00** As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2015. The land use rights of the property have been granted for a term expiring on November 8, 2061 for industrial use.	As at the date of valuation, the property was under construction.	RMB135,100,000 (100% interest attributable to the Group: RMB135,100,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c13100220110035 dated September 13, 2011, the land use rights of the property with a site area of 125,376.00 sq.m. have been agreed to be granted to Langfang Vast Zhuoyou Property Development Co., Ltd. (廊坊宏泰卓優房地產發展有限公司) ("Langfang Vast Zhuoyou"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB43,500,000.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2012) Di No. 00029 dated August 31, 2012, the land use rights of the property with a site area of 125,375.75 sq.m. have been granted to Langfang Vast Zhuoyou for a term expiring on November 8, 2061 for industrial use.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131002201200012 dated August 20, 2012, Langfang Vast Zhuoyou was permitted to use a parcel of land with a site area of 125,376.00 sq.m. for development.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131002201300007 dated April 15, 2013, the approved construction scale of the property is 77,195.00 sq.m.

5. Pursuant to the Construction Works Commencement Permit – No. 131002x142030101 dated March 5, 2014, the construction works of various buildings with a construction scale of 73,415.13 sq.m. were approved to commence.

   As advised by the Group, the buildings as stated in the Construction Works Commencement Permit mentioned above comprise portion of the property.

6. As advised by the Group, the total construction cost expended as at the date of valuation was approximately RMB37,700,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB101,900,000. We have taken into account the said amounts in our valuation.

7. The market value of the property as if completed as at the date of valuation is estimated to be in the sum of RMB332,500,000.

8. As advised by the Group, the property is free from any mortgages.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang Vast Zhuoyou has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang Vast Zhuoyou has obtained the necessary permits and approvals for the existing construction stage of the property.

10. In our valuation, we have assumed average unit rates of about RMB4,300 to 4,700/sq.m. for industrial.

11. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some industrial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB4,600 to 5,100/sq.m. for industrial. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
17.	Phase II of Chuangye Plaza (創業大廈二期), West of Changfu Road (No. 4 Road), Longhe Park, Langfang, Hebei Province, PRC	Phase II of Chuangye Plaza (the "Development") is an office development being erected on a parcel of land with a site area of approximately 8,820.00 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 29,407.12 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: Use / Approximate Gross Floor Area (sq.m.) Office: 24,971.44 Ancillary: 4,435.68 **Total: 29,407.12** As advised by the Group, the property is scheduled for completion in the 3rd quarter of 2015. The land use rights of the property have been granted for a term expiring on April 15, 2052 for commercial finance use.	As at the date of valuation, the property was under construction.	RMB85,200,000 (100% interest attributable to the Group: RMB85,200,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c13100220120013 dated February 15, 2012, the land use rights of a parcel of land with a site area of 16,840.00 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term of 40 years for commercial finance use at a land grant fee of RMB59,400,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2012) Di No. 00028 dated August 31, 2012, the land use rights of a parcel of land with a site area of 16,840.00 sq.m. have been granted to Langfang City Property for a term expiring on April 15, 2052 for commercial finance use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131000201200018 dated August 13, 2012, Langfang City Property was permitted to use a parcel of land with a site area of 16,840.00 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131000201300060 dated December 23, 2013, the approved construction scale of the property is 29,407.12 sq.m.

5. Pursuant to the Construction Works Commencement Permit – No. 131000S130720101 dated February 26, 2014, the construction works of the property with a construction scale of 29,407.12 sq.m. were approved to commence.

6. As advised by the Group, the total construction cost expended as at the date of valuation was approximately RMB19,700,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB33,500,000. We have taken into account the said amounts in our valuation.

7. The market value of the property as if completed as at the date of valuation is estimated to be in the sum of RMB174,800,000.

8. As confirmed by the Group, the property is subject to a mortgage.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property; and

   iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

10. In our valuation, we have assumed an average unit rate of about RMB6,600/sq.m. for office.

11. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB7,100 to 8,300/sq.m. for office. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
18.	Shangbei Complex (尚北綜合樓), South of North Outer Ring and West of Xinhua Road, Guangyang District, Langfang, Hebei Province, PRC	Shangbei Complex (the "Development") is an office development being erected on a parcel of land with a site area of approximately 3,974.00 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 12,746.13 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was under construction.	RMB42,300,000 (100% interest attributable to the Group: RMB42,300,000)

Use	Approximate Gross Floor Area
	(sq.m.)
Office	10,690.94
Ancillary	2,055.19
Total:	**12,746.13**

As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2015.

The land use rights of the property have been granted for a term expiring on October 26, 2044 for commercial use.

Notes:

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2007) Di No. 01507 dated August 15, 2007, the land use rights of a parcel of land with a site area of 15,238.48 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term expiring on October 26, 2044 for commercial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Construction Land Planning Permit – [2006] No. 08 dated February 15, 2006, Langfang City Property was permitted to use a parcel of land with a site area of 29 mu (19,333.43 sq.m.) for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Works Planning Permit – No. (2006) 02 dated February 16, 2006, the approved construction scale of various buildings is 30,139.00 sq.m.

   As advised by the Group, the property comprises portion of the building as stated in the Construction Works Planning Permit mentioned above.

4. Pursuant to the Construction Works Commencement Permit – No. 131000S130560101 dated May 8, 2014, the construction works of the property with a construction scale of 12,746.13 sq.m. were approved to commence.

5. As advised by the Group, the total construction cost expended as at the date of valuation was approximately RMB5,600,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB18,300,000. We have taken into account the said amounts in our valuation.

6. The market value of the property as if completed as at the date of valuation is estimated to be in the sum of RMB84,800,000.

7. As confirmed by the Group, the property is free from any mortgages.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang City Property has obtained necessary permits and approvals for the existing construction stage of the property.

9. In our valuation, we have assumed an average unit rate of about RMB7,900/sq.m. for office.

10. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB9,200 to 11,000/sq.m. for office. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rate of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
19.	Phase II of Electronic Information Industrial Park in Longhe Park (廊坊龍河高新區電子信息產業園), North of Zongsan Road, South of No. 2 Road and West of Henger Road, Longhe Park, Langfang, Hebei Province, PRC	Phase II of Electronic Information Industrial Park in Longhe Park (the "Development") is an industrial complex to be erected on a parcel of land with a site area of approximately 62,439.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase II of the Development with a total gross floor area of approximately 127,110.00 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: Use – Approximate Gross Floor Area (sq.m.) Industrial – 72,489.00 Residential – 35,822.00 Ancillary – 18,799.00 **Total: – 127,110.00** The land use rights of the property have been granted for a term expiring on July 23, 2062 for industrial use.	As at the date of valuation, the property was vacant land.	RMB61,700,000 (100% interest attributable to the Group: RMB61,700,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c13100220120020 dated March 31, 2012, the land use rights of the property with a site area of 62,439.00 sq.m. have been agreed to be granted to Langfang Vast Zhuoyou Property Development Co., Ltd. (廊坊宏泰卓優房地產發展有限公司) ("Langfang Vast Zhuoyou"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB21,600,000.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2012) Di No. 00030 dated August 31, 2012, the land use rights of the property with a site area of 62,439.00 sq.m. have been granted to Langfang Vast Zhuoyou for a term expiring on July 23, 2062 for industrial use.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131002201200013 dated August 20, 2012, Langfang Vast Zhuoyou is permitted to use a parcel of land with a site area of 62,439.00 sq.m. for development.

4. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 131001201400032 and 131001201400033 dated July 3, 2014, the total approved construction scale of the property is 127,110.00 sq.m.

5. As confirmed by the Group, the property is subject to a mortgage.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang Vast Zhuoyou has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang Vast Zhuoyou has obtained the necessary permits and approvals for the existing construction stage of the property; and

   iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang Vast Zhuoyou can sell, transfer, let or mortgage such mortgaged portion.

7. In our valuation, we have assumed average unit rates of about RMB4,300 to 4,700/sq.m. for industrial and about RMB2,600/sq.m. for residential.

8. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some industrial and residential developments which have characteristics comparable to the property. The prices of those asking price references are about RMB4,600 to 5,100/sq.m. for industrial and about RMB7,400 to 7,900/sq.m. for residential. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
20.	Phase II of Foxconn City (富士康城), North of Zongsan Road and West of Jianshe South Road, Longhe Park, Langfang, Hebei Province, PRC	Phase II of Foxconn City (the "Development") is a residential/commercial complex to be erected on a parcel of land with a site area of approximately 105,659.92 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phase II of the Development with a total gross floor area of approximately 280,047.35 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential 183,735.68 Commercial 13,330.57 Ancillary 82,981.10 **Total: 280,047.35** The land use rights of the property have been granted for a term expiring on February 3, 2081 for residential use.	As at the date of valuation, the property was vacant land.	RMB487,100,000 (100% interest attributable to the Group: RMB487,100,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c131002201000223 dated December 8, 2010, the land use rights of a parcel of land with a site area of 126,545.00 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term of 70 years for residential use at a land grant fee of RMB176,500,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2011) Di No. 00004 dated February 23, 2011, the land use rights of a parcel of land with a site area of 126,545.00 sq.m. have been granted to Langfang City Property for a term expiring on February 3, 2081 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131000201100005 dated January 25, 2011, Langfang City Property was permitted to use a parcel of land with a site area of 126,545.00 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131000201200044 dated August 13, 2012, the approved construction scale of various buildings is 162,813.80 sq.m.

   As advised by the Group, the buildings as stated in the Construction Work Planning Permit mentioned above comprise portion of the property.

5. Pursuant to the Construction Works Commencement Permit – No. 131000S120310101 dated June 25, 2014, the construction works of various buildings with a construction scale of 149,341.13 sq.m. were approved to commence.

   As advised by the Group, the buildings as stated in the Construction Works Commencement Permit mentioned above comprise portion of the property.

6. As advised by the Group, the property is free from any mortgages.

7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property.

8. In our valuation, we have assumed average unit rates of about RMB6,400/sq.m. for residential and about RMB12,000/sq.m. for commercial (1/F).

9. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB6,300 to 7,200/sq.m. for residential and about RMB11,000 to 15,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
21.	Shangshi Jiahua (尚世嘉華), East of Sihai Road and South of Jinyuan Road, Langfang Economic and Technological Development Zone, Langfang, Hebei Province, PRC	Shangshi Jiahua (the "Development") is a residential/commercial development to be erected on various parcels of land with a total site area of approximately 71,999.80 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 177,190.44 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area (sq.m.)** Residential 86,662.56 Commercial 7,880.48 Industrial 22,111.68 Ancillary 60,535.72 **Total: 177,190.44** The land use rights of portion of the property have been granted for two concurrent terms expiring on March 31, 2051 for commercial use and December 30, 2060 for industrial use respectively.	As at the date of valuation, the property was vacant land.	RMB244,900,000 (100% interest attributable to the Group: RMB244,900,000)

Notes:

1. Pursuant to three Land Grant Contracts – Nos. C13000120100056, C13000120110016 and C13100020130056 dated between December 8, 2010 and December 31, 2013, the land use rights of three parcels of land with a total site area of 71,999.80 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. ("廊坊市城區房地產開發有限公司") ("Langfang City Property"), a 100%-owned subsidiary of the Company, for three concurrent terms of 40 years, 50 years and 70 years for commercial, industrial and residential uses respectively at a total land grant fee of RMB52,654,300.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of 40,000.30 sq.m. have been granted to Langfang City Property. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Expiry Date of Land Use Term
		(sq.m.)	
Lang Kai Guo Yong (2011) Di No. 076	November 7, 2011	26,666.70	Industrial: December 30, 2060
Lang Kai Guo Yong (2012) Di No. 017	February 23, 2012	13,333.60	Commercial: March 31, 2051
Total:		**40,000.30**	

As advised by the Group, the land parcels as stated in the Land Use Rights Certificates mentioned above comprise portion of the property. The Group is in the process of the application for the Land Use Rights Certificate for the remaining land parcel with a site area of 31,999.50 sq.m.

3. Pursuant to two Construction Land Planning Permits – Di Zi Di Nos. 131001201100035 and 131001201100041 dated October 25, 2011 and December 31, 2011 respectively, Langfang City Property was permitted to use two parcels of land with a total site area of approximately 40,000.30 sq.m. for development.

As advised by the Group, the land parcels as stated in the Construction Land Planning Permits mentioned above comprise portion of the property.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131001201400029 dated June 16, 2014, the total approved construction scale of various buildings is 23,826.40 sq.m.

As advised by the Group, the buildings as stated in the Construction Works Planning Permit mentioned above comprise portion of the property.

5. As confirmed by the Group, the property is free from any mortgages.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcels as stated in the Land Use Rights Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws; and

   ii. there exist no substantial legal impediments for Langfang City Property to obtain the Land Use Rights Certificate for the remaining land plot with a site area of approximately 31,999.50 sq.m. as the relevant land grant fee has been settled on schedule.

7. In our valuation, we have assumed average unit rates of about RMB6,400/sq.m. for residential, RMB12,000/sq.m. for commercial (1/F) and RMB4,300/sq.m. for industrial.

8. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some residential, commercial and industrial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB6,200 to 8,700/sq.m. for residential, about RMB12,000 to 16,000/sq.m. for commercial (1/F) and about RMB4,000 to 5,000/sq.m. for industrial. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
22.	Hongtai Commerce Plaza (宏泰商業廣場), West of Zong 10th Road and North of the Centre Ring of Longhe CBD, Longhe Park, Langfang, Hebei Province, PRC	Hongtai Commerce Plaza (the "Development") is a commercial complex to be erected on four parcels of land with a total site area of approximately 47,486.28 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 153,284.91 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB394,100,000 (100% interest attributable to the Group: RMB394,100,000)

Use	Approximate Gross Floor Area
	(sq.m.)
Residential	51,744.86
Commercial	81,304.04
Ancillary	20,236.01
Total:	**153,284.91**

The land use rights of the property have been granted for three concurrent terms expiring on March 31, 2050, April 15, 2052 and April 16, 2052 respectively for commercial finance use.

Notes:

1. Pursuant to three Land Grant Contracts – Nos. c13100220090005, c13100220120013 and c13100220120014 and their supplementary agreement dated between November 6, 2009 and February 16, 2012, the land use rights of three parcels of land with a total site area of 239,846.54 sq.m. have been agreed to be granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term of 40 years for commercial finance use at a total land grant fee of RMB697,695,600.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of four parcels of land with a total site area of 66,798.30 sq.m. have been granted to Langfang City Property. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Land Use Term Expiry Date
		(sq.m.)	
Lang An Guo Yong (2010) Di No. 00057	December 10, 2010	21,288.97	Commercial finance: March 31, 2050
Lang An Guo Yong (2012) Di No. 00028	August 31, 2012	16,840.00	Commercial finance: April 15, 2052
Lang An Guo Yong (2012) Di No. 00043	November 5, 2012	16,127.45	Commercial finance: April 16, 2052
Lang An Guo Yong (2014) Di No. 00003	January 23, 2014	12,541.88	Commercial finance: March 31, 2050
	Total:	**66,798.30**	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

3. Pursuant to three Construction Land Planning Permits – Di Zi Di Nos. 131000201200027, 131000200900029 and 131000201200018 dated between November 18, 2009 and October 12, 2012, Langfang City Property was permitted to use three parcels of land with a total site area of 257,740.45 sq.m. for development.

As advised by the Group, the property comprises portion of the land parcels as stated in the Construction Land Planning Permits mentioned above.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131001201400029 dated July 2, 2014, the approved construction scale of various buildings is 48,382.35 sq.m.

As advised by the Group, the buildings as stated in the Construction Works Planning Permit mentioned above comprise portion of the property.

5. As confirmed by the Group, the property is subject to a mortgage.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcels as stated in the Land Use Rights Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreements have been fulfilled; and

   ii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

7. In our valuation, we have assumed average unit rates of about RMB7,100/sq.m. for residential and about RMB12,000/sq.m. for commercial (1/F).

8. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB7,600 to 8,500/sq.m. for residential and about RMB16,000 to 18,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
23.	Qingnianhui (青年匯), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC	Qingnianhui (the "Development") is a residential/ commercial development to be erected on a parcel of land with a site area of approximately 4,279.40 sq.m. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 10,893.40 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was occupied by various buildings pending for demolition.	RMB24,300,000 (100% interest attributable to the Group: RMB24,300,000)

Use	Approximate Gross Floor Area
	(sq.m.)
Residential	6,201.18
Commercial	2,539.86
Ancillary	2,152.36
Total:	**10,893.40**

The land use rights of the property have been granted for a term expiring on December 2, 2052 for composite use.

Notes:

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2010) Di No. 01290 dated June 8, 2010, the land use rights of the property with a site area of approximately 4,279.40 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for a term expiring on December 2, 2052 for composite use.

2. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. 131000201400038 dated April 25, 2014, the approved construction scale of the property is 10,893.40 sq.m.

3. Pursuant to the Construction Works Commencement Permit – No. 131000S130860101 dated June 26, 2014, the construction works of the property with a construction scale of 10,893.40 sq.m. were approved to commence.

4. As confirmed by the Group, the property is subject to a mortgage.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang City Property has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreement have been fulfilled;

   ii. Langfang City Property has obtained the necessary permits and approvals for the existing construction stage of the property; and

   iii. in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Langfang City Property can sell, transfer, let or mortgage such mortgaged portion.

6. In our valuation, we have assumed average unit rates of about RMB6,500/sq.m. for residential and about RMB12,000/sq.m. for commercial (1/F).

7. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those asking price references are about RMB7,800 to 8,500/sq.m. for residential and about RMB12,000 to 16,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
24.	Huahang Apartment (華航公寓), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC	Huahang Apartment (the "Development") is a residential development to be erected on a parcel of land with a site area of approximately 10,557.10 sq.m. According to the latest development proposal provided by the Group, the property will comprise various residential units with a total gross floor area of approximately 9,859.58 sq.m. The land use rights of the property have been allocated for residential use.	As at the date of valuation, the property was vacant land.	No commercial value (refer to Note 4)

Notes:

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2010) Di No. 01291 dated June 8, 2010, the land use rights of the property with a site area of 10,557.10 sq.m. have been allocated to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) ("Langfang City Property"), a 100%-owned subsidiary of the Company, for residential use.

2. As advised by the Group, the property is free from any mortgages.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

    i. Langfang City Property has legally obtained the land use rights of the property by ways of allocation and is entitled to construct student dormitories with Northern China Aviation Industrial School United (華北航天工業學院聯合) as stipulated in the relevant title documents.

4. We have ascribed no commercial value to the property as the property shall not be transferred or leased to other parties without approval from the relevant government authorities.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
25.	Gaodi Longhe Digital Technology Park (高迪龍河數碼科技城), East of Sanhao Road, West of Zongwu Road and South of Hengsan Road, Longhe Park, Langfang, Hebei Province, PRC	Gaodi Longhe Digital Technology Park (the "Development") is an industrial development to be erected on a parcel of land with a site area of approximately 62,914.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise various workshops with a total gross floor area of approximately 62,914.00 sq.m. The land use rights of the property have been granted for a term expiring on February 23, 2064 for industrial use.	As at the date of valuation, the property was vacant land.	RMB23,400,000 (100% interest attributable to the Group: RMB23,400,000)

Notes:

1. Pursuant to the Land Grant Contract – No. c13100220130024 dated October 24, 2013, the land use rights of the property with a site area of 62,914.00 sq.m. have been agreed to be granted to Langfang Gaodi Digital Technology Co., Ltd. (廊坊市高迪數碼電子技術有限公司) ("Langfang Gaodi"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB22,700,000.

2. Pursuant to the Land Use Rights Certificate – Lang Fang Guo Yong (2014) Di No. 00007 dated March 5, 2014, the land use rights of the property with a site area of 62,914.00 sq.m. have been granted to Langfang Gaodi for a term expiring on February 23, 2064 for industrial use.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 131000201400003 dated January 15, 2014, Langfang Gaodi was permitted to use a parcel of land with a site area of 62,914.00 sq.m. for industrial development.

4. As advised by the Group, the property is free from any mortgages.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Langfang Gaodi has legally obtained the land use rights of the land parcel as stated in the Land Use Rights Certificate mentioned above and is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usages as stipulated in the title documents under the protection of PRC laws.

6. In our valuation, we have assumed a site value of about RMB372/sq.m.

7. In undertaking our valuation of the property, we have made reference to recent sale transactions of some sites which have characteristic comparable to the property. The site values of those sales transactions are about RMB360 to 370/sq.m. The site value assumed by us is consistent with the sales transactions. Due adjustments to the site values of those sales transactions have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
26.	Phases II to IV of Yulong Bay (御龍灣小區), Zhuanwayao, Shuangqiao District, Chengde, Hebei Province, PRC	Phase II to IV of Yulong Bay (the "Development") is a residential/commercial development to be erected on three parcels of land with a total site area of approximately 147,788.00 sq.m. According to the latest development proposal provided by the Group, the property will comprise Phases II to IV of the Development with a total gross floor area of approximately 599,711.24 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant land.	RMB328,900,000 (100% interest attributable to the Group: RMB328,900,000)

Phase II

Use	Approximate Gross Floor Area
	(sq.m.)
Residential	103,880.34
Commercial	16,135.73
Ancillary	41,388.83
Sub-total:	161,404.90

Phase III

Use	Approximate Gross Floor Area
	(sq.m.)
Residential	165,969.42
Commercial	12,546.47
Ancillary	59,709.01
Sub-total:	238,224.90

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
		Phase IV		

Use	Approximate Gross Floor Area
	(sq.m.)
Residential	127,419.79
Commercial	4,866.31
Ancillary	67,795.34
Sub-total:	200,081.44
Total:	**599,711.24**

The land use rights of the property have been granted for four concurrent terms expiring on April 22, 2050 and July 7, 2050 for residential use and April 22, 2080 and July 7, 2080 for commercial use respectively.

Notes:

1. Pursuant to two Land Grant Contracts – Nos. C130800-2010-27 and C130800-2010-43 dated April 22, 2010 and July 8, 2010 respectively and its supplementary agreement dated January 17, 2013, the land use rights of two parcels of land with a total site area of 187,106.00 sq.m. have been agreed to be granted to Chengde Yonglun Property Development Co., Ltd. (承德市永侖房地產開發有限公司) ("Chengde Yonglun"), a 100%-owned subsidiary of the Company, for two concurrent terms of 40 years for commercial use and 70 years for residential use respectively at a total land grant fee of RMB260,440,000.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of the property with a total site area of 147,788.00 sq.m. have been granted to Chengde Yonglun. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Land Use Term Expiry Date
		(sq.m.)	
Cheng Shi Guo Yong (2010) Di No. 183	June 1, 2010	43,685.00	Residential: April 22, 2080 Commercial: April 22, 2050
Cheng Shi Guo Yong (2011) Di No. 007	January 13, 2011	59,838.00	Residential: July 7, 2080 Commercial: July 7, 2050
Cheng Shi Guo Yong (2011) Di No. 008	January 13, 2011	44,265.00	Residential: July 7, 2080 Commercial: July 7, 2050
	Total:	**147,788.00**	

3. Pursuant to two Construction Land Planning Permits – Di Zi Di Nos. 130802201200006 and 130802201400012 dated August 31, 2012 and May 15, 2014 respectively, Chengde Yonglun was permitted to use two parcels of land with a total site area of 107,246.93 sq.m. for development.

   As advised by the Group, the land parcels as stated in the Construction Land Planning Permits mentioned above comprise portion of the property.

4. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 130802201400028 and 130802201400029 dated July 4, 2014, the total approved construction scale is 187,258.26 sq.m.

   As advised by the Group, the buildings as stated in the Construction Works Planning Permits mentioned above comprise portion of the property.

5. As confirmed by the Group, the property is subject to three mortgages.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Chengde Yonglun has legally obtained the land use rights of the land parcels as stated in the Land Use Rights Certificates mentioned above and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreements have been fulfilled; and

   ii. in respect of the mortgaged portions of the property, prior approvals from the mortgagees have to be obtained within the mortgage periods before Chengde Yonglun can sell, transfer, let or mortgage such mortgaged portions.

7. In our valuation, we have assumed average unit rates of about RMB4,300/sq.m. for residential and about RMB13,000/sq.m. for commercial (1/F).

8. In undertaking our valuation of the property if completed, we have made reference to various recent sales transactions of the Development and some asking price references of some residential and commercial developments which have characteristics comparable to the property. The prices of those sales transactions are about RMB4,200 to 4,300/sq.m. for residential and the prices of those asking price references are about RMB13,000 to 16,000/sq.m. for commercial (1/F). The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those sales transactions and asking price references have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2014
27.	Tanghai Project, (唐海項目), Qi Nongchang, Caofeidian District, Tangshan, Hebei Province, PRC	Tanghai Project (the "Development") is a commercial development to be erected on eight parcels of land with a total site area of approximately 665,935.16 sq.m. According to the latest development proposal provided by the Group, the property will comprise various residential and commercial developments with a total gross floor area of approximately 203,800.00 sq.m. The land use rights of the property have been granted for two concurrent terms expiring on August 25, 2048 for commercial use and August 25, 2078 for residential use respectively.	As at the date of valuation, the property was vacant land.	RMB213,900,000 (100% interest attributable to the Group: RMB213,900,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property with a total site area of 665,935.16 sq.m. have been granted to Tangshan Zhanyao Property Development Co., Ltd. (唐山展耀房地產開發有限公司) ("Tangshan Zhanyao"), a 100% owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area	Usage and Land Use Term Expiry Date
		(sq.m.)	
Tang Hai Guo Yong (2010) Zi Di No. 0710030141	April 1, 2010	58,933.06	Residential: August 25, 2078
Tang Hai Guo Yong (2010) Zi Di No. 0710020143	April 1, 2010	68,796.30	Residential: August 25, 2078
Tang Hai Guo Yong (2010) Zi Di No. 0710010144	April 1, 2010	60,403.99	Commercial: August 25, 2048
Tang Cao Guo Yong (2013) Di No. 0710030248	March 14, 2013	72,975.50	Residential: August 25, 2078
Tang Cao Guo Yong (2013) Di No. 0710020249	March 14, 2013	36,465.39	Residential: August 25, 2078
Tang Cao Guo Yong (2013) Zi Di No. 0710011778	December 10, 2013	90,934.08	Commercial: August 25, 2048
Tang Cao Guo Yong (2013) Zi Di No. 0710021779	December 10, 2013	93,878.36	Residential: August 25, 2078
Tang Cao Guo Yong (2013) Zi Di No. 0710031780	December 10, 2013	183,548.48	Residential: August 25, 2078
	Total:	**665,935.16**	

2. As confirmed by the Group, the property is subject to four mortgages.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. Tangshan Zhanyao has obtained the land use rights of the property and is entitled to use, transfer, let, mortgage or by other legal means dispose of such land use rights within the land use terms and according to the usages as stipulated in the title documents under the protection of PRC laws, provided that the relevant requirements of the mortgage agreements have been fulfilled; and

   ii. in respect of the mortgaged portions of the property, prior approvals from the mortgagees have to be obtained within the mortgage periods before Tangshan Zhanyao can sell, transfer, let or mortgage such mortgaged portions.

4. In our valuation, we have assumed accommodation values* of about RMB710/sq.m. for residential land parcels and about RMB1,300/sq.m. for commercial land parcels.

5. In undertaking our valuation of the property, we have made reference to various recent land sale transactions which have characteristics comparable to the property. The accommodation values of those land sale transactions are about RMB400 to 1,600/sq.m. The accommodation values assumed by us are consistent with the said land sale transactions. Due adjustments to the accommodation values of those land sale transactions have been made to reflect factors including but not limited to time, location, size and quality in arriving at the key assumptions.

* Accommodation value is the value of the land sale price analyzed on basis of sq.m. of the permissible gross floor area and is a common way of analysis of land sale transactions.

VALUATION CERTIFICATE

Group VI – Property leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at May 31, 2014
28.	Units 20701 to 20703, 20705, 20706 and 20718 to 20720 on Level 6, Galaxy SOHO (銀河SOHO), No. A7 Xioapaifang Hutong, Dongcheng District, Beijing, PRC	The property comprises eight units on Level 6 of a 13-storey office building over a 3-storey basement completed in 2012. The total gross floor area of the property is approximately 1,380.18 sq.m. The property is leased by Langfang Sheng Shi Construction & Investment Co., Ltd. (廊坊市盛世建設投資有限公司) ("Langfang Sheng Shi Construction"), a 100%-owned subsidiary of the Company, from Wang Huijie (王慧傑) and Wang Zhenhua (王振華) (the "lessors"), independent third parties, for a term commencing on September 8, 2013 and expiring on September 9, 2018.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is leased by Langfang Sheng Shi Construction from the lessors for a term commencing on September 8, 2013 and expiring on September 9, 2018. Details of the rental information are summarized as follows:

Lease Term	Monthly Rental
Year 1 to Year 2	RMB293,863.33
Year 3	RMB308,556.49
Year 4	RMB323,984.33
Year 5	RMB340,183.52

2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. the lessors have not obtained the Building Ownership Certificate for the property and thus the tenancy agreement has not been registered.

VALUATION CERTIFICATE

Group VII – Property leased by the Group in Hong Kong

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at May 31, 2014
29.	Office Unit No.2 on 19/F, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong	Shun Tak Centre comprises two office towers erected over a communal commercial/ carport/ ferry terminal podium. China Merchants Tower of Shun Tak Centre is a 30-storey office building erected above the podium and was completed in 1985. The property comprises an office unit on Level 19 of China Merchants Tower of Shun Tak Centre with a gross floor area of approximately 241.55 sq.m. (2,600 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Note:

1. The property is rented by King Billion Corporation Limited (兆帝有限公司) ("King Billion"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Skyway Investment Limited (the "lessor") for a term commencing on February 15, 2014 and expiring on February 14, 2016 at a monthly rent of HK$139,152 exclusive of government rent, government rates, management fee and other outgoings.

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 13 February, 2014 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 and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) 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 August 6, 2014 to become effective upon the Listing. 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 favour 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 close associates and employees of the Company or of any of its 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) sub-divide 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 authorised 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 authorised 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 authorised 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 recognised clearing house (or its nominee(s)) is a member of the Company it may authorise 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 authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised 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 authorised 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 summarised 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 summarised financial statements, a complete printed copy of the Company's annual financial statement 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 recognise 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 authorised 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 authorised 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 authorised 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 authorised 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 summarised 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 authorised 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 authorised 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 authorised 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 authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise 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 authorised 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 authorising 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 March 11, 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 authorised 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 authorised 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 summarising 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 COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on February 13, 2014. Our Company has established a place of business in Hong Kong at Room 1902, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 2, 2014. Ms. To Yee Man (杜依雯) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising a memorandum of association and articles of association. A summary of certain provisions of the Articles and relevant aspects of the Companies Law is set forth in Appendix IV to this prospectus.

2. Changes in Share Capital of Our Company

On February 13, 2014, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each. On the same day, one Share of par value of HK$0.01 was allotted and issued and credited as fully paid to Sharon Pierson as the initial subscriber and then transferred to Profit East. Our Company issued and allotted an additional 9,999 Shares of par value of HK$0.01 each, credited as fully paid, to Profit East on February 13, 2014. The following sets out the changes in the Company's issued share capital since the date of its incorporation.

(i) On February 21, 2014, our Company allotted and issued 10,000 Shares credited as fully paid to Profit East as consideration for the acquisition by our Company of the entire issued share capital of Shing Cheong.

(ii) On August 6, 2014, a written resolution was passed by our Shareholders to approve the increase of the authorized share capital of our Company from HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares with a par value of HK$0.01 each.

Immediately following the Capitalization of Loan, the Capitalization Issue and completion of the Global Offering but not taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$16,000,000 divided into 1,600,000,000 Shares, all fully paid or credited as fully paid and 3,400,000,000 Shares will remain unissued. If the Over-allotment Option is exercised in full, then 49,200,000 additional Shares will be issued resulting in an enlarged issued share capital of 1,649,200,000 Shares of HK$0.01 each in our Company.

Save as disclosed in this Appendix and in the section headed "History, Development and Reorganization" in this prospectus, there has been no alteration in the Company's share capital since the date of its incorporation.

3. Resolutions in Writing of Our Shareholders Passed on August 6, 2014

Pursuant to the resolutions in writing of our Shareholders passed on August 6, 2014:

(a) our Company approved and adopted the Memorandum and Articles of Associations, the latter of which will come into effect upon the listing of our Shares on the Hong Kong Stock Exchange;

(b) the authorized share capital of our Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares;

(c) conditional on the conditions as set out in the section headed "Structure of the Global Offering" of this prospectus, our Directors were authorised to capitalise the Shareholder's Loan due from our Company to Profit East in an aggregate sum of US$38,270,000 by the allotment and issue of 100 Shares to Profit East at an aggregate subscription price of US$38,270,000 and to set off the said subscription price pro tanto US$38,270,000 in full;

(d) conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 1,271,979,900 Shares (the "**Capitalization Shares**") credited as fully paid at par to the Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the date of close of business on August 6, 2014 (or to such other person(s) as each of them may direct) on a pro rata basis by way of capitalization of the amount of HK$12,719,799 standing to the credit of the share premium account of our Company, and the Capitalization Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares and the Shares to be issued pursuant to the Capitalization of Loan and our Directors be and are hereby authorized to issue Shares relating to, and to give effect to, the Capitalization Issue;

(e) conditional on (i) the Listing Committee of the Hong Kong Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization of Loan, the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option); (ii) the entering into, execution and delivery of the International Underwriting Agreement and the Price Determination Agreement on or around the Price Determination Date; and (iii) the obligations of the Underwriters under each of the Underwriting Agreements having become unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators) and not having been terminated in accordance with the terms of the respective Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering and the Over-allotment Option be and are hereby approved and our Directors be and are hereby authorized to allot and issue the Offer Shares and to grant the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and the relevant Application Forms and the Underwriting Agreements; and

(ii) our Directors be authorized to do all things and execute all documents in connection with or incidental to the Global Offering with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(f) a general unconditional mandate was granted to our Directors to, inter alia, issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors shall not exceed the aggregate of:

(i) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Capitalization of Loan, the Capitalization Issue referred to in sub-paragraphs (c) and (d) above and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

The total nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to

(i) a rights issue;

(ii) the exercise of any options under any scrip dividend scheme or similar arrangement; or

(iii) any specific authority granted by the Shareholders in general meeting.

This general mandate to issue Shares will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(g) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Hong Kong Listing Rules and all applicable laws. Such mandate will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the end of the period within which we are required by our Articles or any applicable laws to hold our next annual general meeting; or

(iii) when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(h) the general unconditional mandate as mentioned in paragraph (f) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (g) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of the Shares on the Hong Kong Stock Exchange. See the section headed "History, Development and Reorganization" in this prospectus for further details.

5. Changes in the Share Capital of Our Subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus:

(a) Onshore entities

(i) Langfang City Property

On April 19, 2013, Langfang City Property merged with Langfang Vast Zhanyao Investment Co., Ltd.* (廊坊市宏泰展耀投資有限公司). Upon completion of such merge, Langfang Vast Zhanyao Investment Co., Ltd.* was dissolved and the registered capital of Langfang City Property was increased to RMB150.0 million.

(ii) Langfang Honghao Investment

On December 18, 2012, the registered capital of Langfang Honghao Investment was increased from RMB50.0 million to RMB150.0 million and has been fully paid up.

On January 5, 2013, the registered capital of Langfang Honghao Investment was increased from RMB150.0 million to RMB260.0 million and has been fully paid up.

On January 10, 2013, the registered capital of Langfang Honghao Investment was increased from RMB260.0 million to RMB310.0 million and has been fully paid up.

On April 15, 2013, Baoding Hengcheng Equity Investment Fund Center Limited Partnership* (保定恒誠股權投資基金中心(有限合夥)) acquired the 24.2% equity interest in Langfang Honghao Investment by means of capital injection of RMB150.0 million and Baoding Hengshi Equity Investment Fund Center Limited Partnership* (保定恒實股權投資基金中心(有限合夥)) acquired 24.2% equity interest in Langfang Honghao Investment by means of capital injection of RMB150.0 million. On the same day, Langfang Sheng Shi Construction increased its capital contribution to Langfang Honghao Investment from RMB300.0 million to RMB310.0 million. Upon completion of the acquisition and capital increase, Langfang Honghao Investment was owned as to 50.0% by Langfang Sheng Shi Construction, 1.6% by Mr. Wang Jianhai, 24.2% by Baoding Hengcheng Equity Investment Fund Center* and 24.2% by Baoding Hengshi Equity Investment Fund Center*. The registered capital of Langfang Honghao Investment was increased from RMB310.0 million to RMB620.0 million and has been fully paid up.

On February 20, 2014, Langfang City Property acquired the 1.6% equity interest in Langfang Honghao Investment from Mr. Wang Jianhai with a consideration of RMB10.0 million.

(iii) Langfang Goodman Vast Park Service

On March 19, 2014, Langfang Sheng Shi Construction acquired the 50.0% equity interest in Langfang Goodman Vast Park Service from Goodman China Limited with a consideration of US$15.0 million.

(iv) Langfang Shoukai Sheng Shi Investment

On April 21, 2014, the registered capital of Langfang Shoukai Sheng Shi Investment was increased from RMB10.0 million to RMB102.0 million and has been fully paid up.

On July 10, 2014, Baoding Tai'an Shareholding Investment Fund Center Limited Partnership* (保定泰安股權投資基金中心(有限合夥)) ("**Baoding Tai'an Fund**") acquired the 18.52% equity interest in Langfang Shoukai Sheng Shi Investment by means of capital injection of RMB30.0 million and Baoding Tai'cheng Shareholding Investment Fund Center Limited Partnership* (保定泰成股權投資基金中心(有限合夥)) ("**Baoding Tai'cheng Fund**") acquired the 18.52% equity interest in Langfang Shoukai Sheng Shi Investment by means of capital injection of RMB30.0 million. Upon completion of the acquisition, Langfang Shoukai Sheng Shi Investment was owned as to 62.96% by Langfang Sheng Shi Construction, 18.52% by Baoding Tai'an Fund and 18.52% by Baoding Tai'cheng Fund. The registered capital of Langfang Shoukai Sheng Shi Investment was increased from RMB102.0 million to RMB162.0 million.

(v) Langfang Yonglun

On February 27, 2014, Langfang Sheng Shi Construction acquired the 10.0% equity interest in Langfang Yonglun from Ms. Cui Xiangxu with a consideration of RMB1.0 million.

(vi) Langfang Gaodi

On November 27, 2013, Langfang Sheng Shi Construction acquired the entire equity interest in Langfang Gaodi from Mr. Wu Jiang with a consideration of RMB5.0 million.

(b) Offshore entities

(i) China Vast International

On June 25, 2013, Ms. Zhao Ying transferred all the issue share capital in China Vast International to Shing Cheong with nil consideration.

On February 12, 2014, 9,999 shares were issued and allotted, credited as fully paid, to Shing Cheong at par value of US$1.00 each.

(ii) Sheng Shi International

On July 17, 2013, Shing Cheong transferred all the issued share capital in Sheng Shi International to China Vast International with nil consideration.

(iii) King Billion

On June 25, 2013, Shing Cheong transferred all the issued share capital in King Billion to China Vast International with nil consideration.

On August 6, 2014, King Billion increased its authorized share capital from HK$10,000 divided into 10,000 shares of HK$1.00 each to HK$20,000 divided into 20,000 shares of HK$1.00 each by creation of 10,000 shares of HK$1.00 each, which rank *pari passu* in all respects with the existing shares of King Billion.

(iv) Shing Cheong

On February 12, 2014, Shing Cheong allotted and issued 2,777,778 ordinary shares to Profit East at par value of US$0.0001 each. On the same day, the entire issued share capital in Shing Cheong was transferred from Profit East to our Company in consideration of 10,000 Shares being issued by our Company to Profit East.

6. Particulars of Our Subsidiaries

Particulars of our subsidiaries are set forth in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of Shares by Our Company

(a) Provisions of the Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies whose primary listing is on the Main Board of the Hong Kong Stock Exchange to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Hong Kong Stock Exchange by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*Note*: Pursuant to the resolutions in writing of our Shareholders passed on August 6, 2014, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the repurchase by our Company on the Hong Kong 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 Hong Kong Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange as amended from time to time.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the purchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Buyback Mandate is exercised in full.

(d) Share capital

Exercise in full of the Buyback Mandate, on the basis of 1,600,000,000 Shares in issue immediately after the listing of the Shares (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 160,000,000 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 our Shareholders in general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Hong Kong Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No connected person (as defined in the Hong Kong Listing Rules) of our Company has notified our Company that he /she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Code**"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Our Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering, then, taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 160,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of Profit East, a Controlling Shareholder, will increase to approximately 80.1% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. In the event that the Buyback Mandate is exercised in full, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Hong Kong Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Hong Kong Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Hong Kong Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

(1) a supplemental agreement dated May 31, 2013 entered into, among others, by CDH and Shing Cheong, according to which the terms and conditions udner the new CDH facility laon agreement in respect of a loan facility of US$91,108,700 were supplemented and revised;

(2) a supplemental agreement dated May 31, 2013 entered into, among others, by OCBC and Shing Cheong, according to which the terms and conditions udner the new OCBC facility laon agreement in respect of a loan facility of US$13,951,600 were supplemented and revised;

(3) a termination agreement dated May 31, 2013 entered into between CDH and Shing Cheong, according to which the share warrant agreement entered into between Shing Cheong and CDH on November 24, 2011, the new CDH facility loan agreement entered into on September 10, 2011 and the supplemental agreement entered into on April 23, 2012 were terminated;

(4) a termination agreement dated June 14, 2013 entered into between OCBC and Shing Cheong, according to which the share warrant agreement entered into between Shing Cheong and OCBC on November 24, 2011, the new OCBC facility loan agreement entered into on September 10, 2011 and the supplemental agreement entered into on April 23, 2012 were terminated;

(5) a termination agreement dated June 14, 2013 entered into, among others, by CDH, OCBC, Shing Cheong, Profit East, Sheng Shi International and King Billion, according to which the master agreement for series A preferred share redemption and debt restructuring entered into on July 29, 2011 was terminated;

(6) a deed of release dated May 31, 2013 by CDH, according to which the mortgage over the shares in relation to 58,436,278 shares in the capital of Shing Cheong was released;

(7) a deed of release dated May 31, 2013 by CDH, according to which the mortgage over the shares in relation to 8,693 shares in the capital of King Billion was released;

(8) a deed of release dated May 31, 2013 by CDH , according to which the mortgage over the shares in relation to nine shares in the capital of Profit East was released;

(9) a deed of release dated May 31, 2013 by OCBC, according to which the mortgage over the shares in relation to 8,785,944 shares in the capital of Shing Cheong was released;

(10) a deed of release dated May 31, 2013 by OCBC, according to which the mortgage over the shares in relation to 1,307 shares in the capital of King Billion was released;

(11) a deed of release dated May 31, 2013 by OCBC, according to which the mortgage over the shares in relation to one share in the capital of Profit East was released;

(12) a deed of release dated May 31, 2013 by CDH, according to which the mortgage over the shares in relation to 8,693 shares in the capital of Sheng Shi International was released;

(13) a deed of release dated May 31, 2013 by OCBC, according to which the mortgage over the shares in relation to 1,307 shares in the capital of Sheng Shi International was released;

(14) a merge agreement dated January 10, 2013 entered into between Langfang City Property and Langfang Vast Zhanyao Investment Co., Ltd.* (廊坊市宏泰展耀投資有限公司), according to which Langfang City Property merged with Langfang Vast Zhanyao Investment Co., Ltd.*;

(15) an investment framework agreement dated February 5, 2013 among Ruiyan (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽(天津)股權投資基金管理有限公司), Langfang Sheng Shi Construction and Langfang Honghao Investment, according to which Ruiyan (Tianjin) Investment Fund Management Co., Ltd* agreed to procure investment in Langfang Honghao Investment in the amount of RMB300.0 million (subject to the actual investment procured) through Baoding Hengcheng Equity Investment Fund Limited Partnership* (保定恒誠股權投資基金中心(有限合夥)) ("**Baoding Hengcheng Fund**") and Baoding Hengshi Equity Investment Fund Limited Partnership* (保定恒實股權投資基金中心(有限合夥)) ("**Baoding Hengshi Fund**");

(16) an acquisition of equity interest agreement dated February 5, 2013 (the "**Baoding Hengcheng Fund Equity Interest Acquisition Agreement**") entered into between Baoding Hengcheng Fund and Langfang Sheng Shi Construction, according to which, among others, Baoding Hengcheng Fund shall transfer its entire equity interests in Langfang Honghao Investment to Langfang Sheng Shi Construction at a consideration of either (a) a payment of RMB195.00 million by Langfang Sheng Shi Construction within 24 months from the Investment Date (as defined in the Baoding Hengcheng Fund Equity Interest Acquisition Agreement); or (b) a payment of RMB219.75 million by Langfang Sheng Shi Construction within 36 months from the Investment Date;

(17) an acquisition of equity interest agreement dated February 5, 2013 (the "**Baoding Hengshi Fund Equity Interest Acquisition Agreement**") entered into between Baoding Hengshi Fund and Langfang Sheng Shi Construction, according to which, among others, Baoding Hengshi Fund shall transfer its entire equity interests in Langfang Honghao Investment to Langfang Sheng Shi Construction at a consideration of either (a) a payment of RMB195.00 million by Langfang Sheng Shi Construction within 24 months from the Investment Date (as defined in the Baoding Hengshi Fund Equity Interest Acquisition Agreement); or (b) a payment of RMB219.75 million by Langfang Sheng Shi Construction within 36 months from the Investment Date;

(18) an equity transfer agreement dated November 20, 2013 entered into between Langfang Sheng Shi Construction and Mr. Wu Jiang (吳江), according to which the entire equity interest in Langfang Gaodi was transferred from Mr. Wu Jiang to Langfang Sheng Shi Construction with a consideration of RMB5.0 million;

(19) an equity transfer agreement dated January 27, 2014 entered into between Langfang Sheng Shi Construction and Goodman China Limited, according to which the 50.0% equity interest in Langfang Goodman Vast Park Service was transferred from Goodman China Limited to Langfang Sheng Shi Construction with a consideration of US$15.0 million;

(20) an equity transfer agreement dated February 20, 2014 entered into between Mr. Wang Jianhai (王建海) and Langfang City Property, according to which Langfang City Property acquired the 1.6% equity interest in Langfang Honghao Investment from Mr. Wang Jianhai with a consideration of RMB10.0 million;

(21) an equity transfer agreement dated February 20, 2014 entered into between Ms. Cui Xiangxu (崔向旭) and Langfang Sheng Shi Construction, according to which Langfang Sheng Shi Construction acquired the 10% equity interest in Langfang Yonglun from Ms. Cui Xiangxu with a consideration of RMB1.0 million;

(22) a sale and purchase agreement dated February 21, 2014 between Profit East and our Company, according to which our Company acquired all the issued share capital in Shing Cheong from Profit East, in consideration of 10,000 Shares being issued by our Company to Profit East;

(23) a subscription agreement dated February 24, 2014 entered into among Profit East, Chance Talent, Mr. Wang and Ms. Zhao, according to which Chance Talent agreed to subscribe for the US$40.0 million 8% secured exchangeable bonds due 2017 to be issued by Profit East;

(24) a loan agreement dated March 10, 2014 entered into between Profit East and our Company, according to which Profit East agreed to lend our Company in the principal amount of US$38,270,000 with interest free;

(25) a loan agreement dated March 10, 2014 entered into between our Company and Shing Cheong, according to which our Company agreed to lend Shing Cheong in the principal amount of US$38,270,000 with interest free;

(26) a loan agreement dated March 10, 2014 entered into between Shing Cheong and China Vast International, according to which Shing Cheong agreed to lend China Vast International in the principal amount of US$38,270,000 with interest free;

(27) a loan agreement dated March 10, 2014 entered into between China Vast International and King Billion, according to which China Vast International agreed to lend King Billion in the principal amount of US$38,270,000 with interest free;

(28) a framework investment agreement dated June 26, 2014 among Ruiyang (Tianjin) Investment Fund Management Co., Ltd.* (瑞陽（天津）股權投資基金管理有限公司), Langfang Sheng Shi Construction and Langfang Shoukai Sheng Shi Investment, according to which Ruiyang (Tianjin) Investment Fund Management Co., Ltd* agreed to procure investment in Langfang Shoukai Sheng Shi Investment by Baoding Tai'an Shareholding Investment Fund Center Limited Partnership* (保定泰安股權投資基金中心（有限合夥）) ("**Baoding Tai'an Fund**"), Baoding Tai'cheng Shareholding Investment Fund Center Limited Partnership* (保定泰成股權投資基金中心（有限合夥） ("**Baoding Tai'cheng Fund**") and Baoding Tai'yu Shareholding Investment Fund Center Limited Partnership* (保定泰宇股權投資基金中心（有限合夥）) ("**Baoding Tai'yu Fund**");

(29) a capital increase agreement dated June 26, 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund, according to which, among others, the investment funds will be raised in two phases, including (a) Baoding Tai'an Fund and Baoding Tai'cheng Fund will raise funds of RMB300 million (subject to the actual investment procured) in aggregate as phase one investment and such funds will be injected into the capital of Langfang Shoukai Sheng Shi Investment, (b) if Langfang Sheng Shi Construction fails to provide adequate legal land use rights as collateral within half year after the settlement of phase one investment, the second phase investment will not commence, (c) if Langfang Sheng Shi Construction provides adequate legal land use rights as collateral within half year after the settlement of phase one investment, the second phase investment of additional RMB200 million (subject to the actual investment procured) by Baoding Tai'yu Fund will commence, and (d) after the investment matures, Langfang Sheng Shi Construction will repurchase the equity interests of Langfang Shoukai Sheng Shi Investment held by the Funds with agreed premium;

(30) an acquisition of equity interest agreement dated June 26, 2014 among Langfang Sheng Shi Construction, Baoding Tai'an Fund, Baoding Tai'cheng Fund and Baoding Tai'yu Fund (collectively, the "**Funds**"), according to which, among others, the investment funds will be raised in two phases including (a) Baoding Tai'an Fund and Baoding Tai'cheng Fund will raise funds of RMB300 million (subject to the actual investment procured) in aggregate as

phase one investment, (b) in the case of failure to provide adequate land use rights as collateral by Langfang Sheng Shi Construction within half year after the settlement of phase one investment, the investment period for phase one will be shortened to one year and phase two investment by Baoding Tai'yu Fund will not commence, (c) in case of provision of adequate land use rights as collateral by Langfang Sheng Shi Construction within the first half year after the settlement of phase one investment, phase two investment by Baoding Tai'yu Fund will commence and the investment period will be adjusted to two years, (d) if the funds invest in Langfang Shoukai Sheng Shi Investment, Langfang Sheng Shi Construction shall be obliged to make payment when the investment period expires, (e) within the first working day upon completion of phase one investment, Langfang Sheng Shi Construction shall pay the first part of equity premium totaling RMB17.40 million for the entire equity interests in Langfang Shoukai Sheng Shi Investment held by Baoding Tai'an Fund and Baoding Tai'cheng Fund, and Langfang Sheng Shi Construction shall pay the second part of equity premium (i.e. the fund investment balance* 6.75%+0.35%* actual number of days lapsed for the fund investment for the current period/360) for the entire equity interest in Langfang Shoukai Sheng Shi Investment held by Baoding Tai'an Fund and Baoding Tai'cheng Fund on 21 June and 21 December each year from the date of investment and on the date when investment terminates, (f) within four months prior to the exit day of Baoding Tai'an Fund and Baoding Tai'cheng Fund, Langfang Sheng Shi Construction shall pay in full to Baoding Tai'an Fund and Baoding Tai'cheng Fund the agreed amount by four equal month installments, (i.e. RMB37.50 million per month to each of Baoding Tai'an Fund and Baoding Tai'cheng Fund for equity acquisition), (g) upon satisfaction of the conditions to commence phase two investment and within the first working day after completion of phase two investment, Langfang Sheng Shi Construction shall pay the first part of equity premium totaling RMB11.60 million for the entire equity interest in Langfang Shoukai Sheng Shi Investment held by Baoding Tai'yu Fund, and Langfang Sheng Shi Construction shall pay the second part of the equity premium for its entire equity (i.e. the fund investment balance* 6.75%+0.35%* actual number of days lapsed for the equity investment of fund for the current period/360) for the entire equity interest in Langfang Shoukai Sheng Shi Investment held by Baoding Tai'yu Fund on 21 June and 21 December each year from date of investment and on the date when investment terminates, (h) within the four months prior to the exit day of Baoding Tai'yu Fund, Langfang Sheng Shi Construction shall pay in full to Baoding Tai'yu Fund the agreed amount by four equal month installments, (i.e. RMB50.00 million per month to Baoding Tai'yu Fund for equity acquisition), and (i) upon settlement of payment by Langfang Sheng Shi Construction, fulfillment of obligations prior to equity transfer and expiration of fund investment period, the Funds shall transfer their entire equity interests in Langfang Shoukai Sheng Shi Investment to Langfang Sheng Shi Construction;

(31) a loan capitalization agreement entered into among our Company, Profit East, Shing Cheong, China Vast International and King Billion dated August 6, 2014, according to which (i) the liabilities and obligations of King Billion in respect of the non-interest bearing loan in the amount of US$38,270,000 provided by China Vast International to King Billion will be discharged in full by way of capitalization of the same through the issuance of 100 ordinary shares by King Billion to China Vast International; (ii) the liabilities and obligations of China Vast International in respect of the non-interest bearing loan in the amount of US$38,270,000 provided by Shing Cheong to China Vast International will be discharged in full by way of capitalization of the same through the issuance of 100 ordinary

shares by China Vast International to Shing Cheong; (iii) the liabilities and obligations of Shing Cheong in respect of the non-interest bearing loan in the amount of US$38,270,000 provided by our Company to Shing Cheong will be discharged in full by way of capitalization of the same through the issuance of 100 ordinary shares by Shing Cheong to our Company; and (iv) thereafter, the liabilities and obligations of our Company in respect of the non-interest bearing loan in the amount of US$38,270,000 provided by Profit East to our Company will be discharged in full by way of capitalization of the same through the issuance of 100 Shares by our Company to Profit East;

(32) a Deed of Non-competition;

(33) a Deed of Indemnity;

(34) a cornerstone investment agreement dated August 8, 2014, entered into among our Company, Dyfed Holdings Limited, Huarong (HK) International Holdings Limited, Morgan Stanley Asia Limited, CITIC Securities Corporate Finance (HK) Limited (中信証券融資(香港)有限公司), CLSA Limited (中信里昂證券有限公司), ICBC International Capital Limited (工銀國際融資有限公司) and CCB International Capital Limited as described in the section headed "Our Cornerstone Investor" in this prospectus; and

(35) a Hong Kong Underwriting Agreement.

* *For identification purposes only*

2. Intellectual Property Rights of Our Group

Trademarks

(a) Trademarks for which registration has been granted

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks in the PRC which we consider to be or may be material to our business:

Trademark	Registration No.	Registered Owner	Class	Valid Period
龙河盛世	6803991	Langfang Sheng Shi Construction	37	From April 28, 2010 to April 27, 2020
龙河盛世	6803992	Langfang Sheng Shi Construction	36	From April 28, 2010 to April 27, 2020

(b) Trademarks under application

As of the Latest Practicable Date, we have also applied for the registration of the following trademarks in the PRC which we consider to be or may be material to our business:

Trademark	Application No.	Applicant	Class	Application Date
宏泰产业市镇	13228864	Langfang Sheng Shi Construction	36	September 11, 2013
宏泰产业市镇	13229090	Langfang Sheng Shi Construction	37	September 11, 2013

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Disclosure of interest – interests and short positions of our Directors and the chief executive of our Company in the Shares

As of the Latest Practicable Date, the interests and short positions of each of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed on the Hong Kong Stock Exchange, will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which have been taken or deemed to have been under such provisions of SFO), or will be required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Hong Kong Listing Rules (all of the aforesaid being "**Discloseable Interests**"), will be as follows:

Name of Director	Nature of interest	Number of securities held *(Note 1)*	Approximate percentage of shareholding *(Note 1)*
Ms. Zhao Ying *(Note 2)*	Interest in a controlled corporation	1,152,746,154	72.05%
Mr. Wang Jianjun *(Note 3)*	Interest of spouse	1,152,746,154	72.05%

Notes:

(1) The calculation is based on the assumption that the Listing occurs within 12 months from the Issue Date, the Over-allotment Option is not exercised and that the Offer Price is fixed at HK$3.25 per Share, being the mid-point at the offer price range.

(2) Ms. Zhao Ying is the beneficial owner of the entire issued share capital of Profit East and is deemed to be interested in the Shares held by Profit East.

(3) Mr. Wang Jianjun, the spouse of Ms. Zhao Ying, is deemed to be interested in all the Shares in which Ms. ZhaoYing is interested.

(b) Substantial Shareholders – Persons who have an interest or short position discloseable under Division 2 and 3 of Part XV of the SFO and Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or a short position in the Shares or underlying shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Shares held immediately following the completion of the Global Offering (Note 1) (Note 5)	
		Number	Percentage
Profit East	Beneficial Owner	1,152,746,154 (long position)	72.05%
Ms. Zhao Ying (Note 2)	Interest of a controlled corporation	1,152,746,154 (long position)	72.05%
Mr. Wang Jianjun (Note 3)	Interest of spouse	1,152,746,154 (long position)	72.05%
Chance Talent (Note 4)	Beneficial owner	119,224,615 (long position)	7.45%

Notes:

(1) The calculation is based on the assumption that the Listing occurs within 12 months from the Issue Date, the Over-allotment Option is not exercised and that the Offer Price is fixed at HK$3.25 per Share, being the mid-point of the offer price range.

(2) Ms. Zhao Ying is the beneficial owner of the entire issued share capital of Profit East and is deemed to be interested in the Shares held by Profit East.

(3) Mr. Wang Jianjun, the spouse of Ms. Zhao Ying, is deemed to be interested in all the Shares in which Ms. ZhaoYing is interested.

(4) The exact number of Shares to be transferred to Chance Talent upon exercise by Chance Talent of the exchange rights under the Exchangeable Bonds will vary pursuant to the terms of the Exchangeable Bonds. For illustration purpose only, adopting the mid-point of the indicative Offer Price of HK$3.25 per Share. Chance Talent's interest in our Company upon Listing will range from approximately 6.46% to approximately 8.81%.

(5) Dyfed Holdings Limited ("Dyfed Holdings") has agreed to subscribe, as a cornerstone investor, for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be subscribed for with an aggregate amount of US$30 million (or approximately HK$232.5 million) at the Offer Price. Assuming an Offer Price of HK$3.25, being at the approximate mid-point of the Offer Price range set out in this prospectus, the total number of Shares to be held by Dyfed Holdings immediately following the completion of the Global Offering would be approximately 71,534,000 Shares (long position), representing approximately 4.47% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Assuming an Offer Price of HK$2.75, being at the low end of the Offer Price range set out in this Prospectus, the total number of Shares to be held by Dyfed Holdings immediately following the completion of the Global Offering would be approximately 84,541,000 Shares (long position), representing approximately 5.28% of the Shares in issue upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised), and Dyfed Holdings will be a substantial Shareholder under the SFO. Huarong (HK) International Holdings Limited is the sole shareholder of Dyfed Holdings, and China Huarong Asset Management Co., Ltd. in turn controls Huarong (HK) International Holdings Limited. Huarong (HK) International Holdings Limited and China Huarong Asset Management Co., Ltd. will therefore be deemed to be interested in the Shares held by Dyfed Holdings under the SFO. For details, see the section headed "Our Cornerstone Investor" in this prospectus.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Capitalization of Loan, the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

2. 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 date thereof, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

3. Directors' Remuneration

For the year ended December 31, 2013 and the three months ended March 31, 2014, the aggregate amount paid to our Directors as remuneration (including fees, salaries, contribution to retirement benefit scheme and discretionary performance related bonus) were RMB651,000 and RMB570,000 respectively.

For the year ending December 31, 2014, the estimated total compensation payable to the Directors amounts to RMB5,760,000 (excluding any discretionary bonus).

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

4. Interest in Suppliers and Customers of Our Group

Save as disclosed in this prospectus, as of the Latest Practicable Date, so far as our Directors were aware, no Director or their respective close associates or shareholder (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in the five largest suppliers or customers of our Group.

5. Related Party Transactions

Our Group entered into the related party transactions within two years immediately preceding the date of this prospectus as mentioned in Note 41 of the Accountants' Report set out in Appendix I.

6. Agency Fees or Commissions Received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

7. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong 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 Hong Kong 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 "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this 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; and

(f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Hong Kong Listing Rules) or our Shareholders 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. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, save as disclosed in "Business – Historical Non-compliance Incidents" 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.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for a listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization of Loan, the Capitalization Issue and the Global Offering as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

Each of the Joint Sponsors is independent from our Company pursuant to Rule 3A.07 of the Hong Kong Listing Rules. The total amount of fees payable to the Joint Sponsors by our Company for sponsoring the listing of the Shares on the Hong Kong Stock Exchange is US$2.0 million.

4. Preliminary Expenses

Our preliminary expenses are estimated to be approximately US$6,260 and are payable by our Company.

5. Promoter

We do not have any promoter. 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.

6. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

7. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Morgan Stanley Asia Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
CITIC Securities Corporate Finance (HK) Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	PRC legal advisor
Savills Valuation and Professional Services Limited	Property valuer

Name	Qualifications
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Industry consultant
Mr. Leung Wai Keung Richard	Barrister-at-law in Hong Kong

8. Consents of Experts

Each of Morgan Stanley Asia Limited, CITIC Securities Corporate Finance (HK) Limited, Deloitte Touche Tohmatsu, Conyers Dill & Pearman (Cayman) Limited, Jingtian & Gongcheng, Savills Valuation and Professional Services Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Mr. Leung Wai Keung Richard has given and has not withdrawn its/his consent to the issue of this prospectus with the inclusion of its/his report and/or letter and/or summary of values and/or valuation certificates and/or legal opinion (as the case may be) and references to its/his name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. 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.

11. Agency Fees or Commission Received

The Underwriters will receive an underwriting commission, and the Joint Sponsors will receive a documentation fee, see the section headed "Underwriting – Underwriting Arrangements and Expenses – Commissions and Expenses" in this prospectus for more details.

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) save as disclosed in this prospectus, none of the persons named in the sub-paragraph headed "Consents of Experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(d) Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position of our Company since December 31, 2013 (being the date to which our latest combined financial information was prepared as set out in the "Accountants' Report" in Appendix I to this prospectus);

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(f) the principal register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Service Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS; and

(g) no company within our Group is presently listed on any stock exchange or traded on any trading system.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information – B. Further Information About Our Business – Summary of Material Contracts" in Appendix V to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information – D. Other Information – Consents of Experts" in Appendix V to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Morrison & Foerster at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road 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 Articles of Association of our Company;

(b) the consolidated audited financial statements of our Group for each of the year ended December 31, 2011, 2012 and 2013 and the three months ended March 31, 2014 (or for the period since their respective dates of incorporation where it is shorter);

(c) the Accountants' Report prepared by Deloitte, the texts of which is set out in Appendix I to this prospectus;

(d) the reporting accountants' report issued by Deloitte relating to our unaudited pro forma financial information, the texts of which is set out in Appendix II to this prospectus;

(e) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Savills, the texts of which are set out in Appendix III to this prospectus;

(f) the legal opinions issued by Jingtian & Gongcheng, our PRC legal advisor, in respect of certain aspects of our Group and the property interests of our Group;

(g) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;

(h) the legal opinion prepared by the Counsel as to Hong Kong law relating to non-compliance under the Predecessor Companies Ordinance;

(i) the material contracts referred to in the section headed "Statutory and General Information – B. Further Information About Our Business – Summary of Material Contracts" in Appendix V to this prospectus;

(j) the written consents referred to in the section headed "Statutory and General Information – D. Other Information – Consents of Experts" in Appendix V to this prospectus;

(k) the service contracts referred to in the section headed "Statutory and General Information – C. Further Information About Our Directors And Substantial Shareholders – Particulars of Service Contracts" in Appendix V to this prospectus; and

(l) the Companies Law.

中國宏泰產業市鎮發展有限公司
China VAST Industrial Urban Development Company Limited