

Hydoo 毅德控股

HYDOO INTERNATIONAL HOLDING LIMITED

毅德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1396

**GLOBAL
OFFERING**

Joint Global Coordinators and Joint Sponsors



UBS

Morgan Stanley

Joint Bookrunners and Joint Lead Managers



UBS

Morgan Stanley



農銀國際
ABC INTERNATIONAL



CIMB



CMS



招商证券



ICBC



工銀國際



交銀國際
BOCOM International

IMPORTANT

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



HYDOO INTERNATIONAL HOLDING LIMITED

毅德國際控股有限公司

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Global Offering

Number of Offer Shares under the Global Offering	: 768,256,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 76,826,000 Shares (subject to adjustment)
Number of International Offer Shares	: 691,430,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$2.45 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 1396

Joint Global Coordinators and Joint Sponsors



Joint Bookrunners and Joint Lead Managers



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, with the documents specified in the section headed "Appendix VI – Documents Delivered to the Registrar of Companies and Available for Inspection" herein, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies 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 for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us on or around October 24, 2013 and, in any event, not later than October 28, 2013. The Offer Price will not be more than HK\$2.45 and is currently expected to be not less than HK\$1.85, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$2.45 for each Hong Kong Offer Share together with a brokerage of 1%, an SFC transaction levy of 0.003% and a Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$2.45 per Offer Share.

The Joint Global Coordinators, on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares and/or the Offer Price range below 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, notices of the reduction in the number of Offer Shares and/or the Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.hydoo.com.cn. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us are unable to reach an agreement on the Offer Price by October 28, 2013, 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.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the day on which trading in the Shares commences on the Stock Exchange. Such grounds are set out in 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 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 pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the Securities Act. The Offer Shares are being offered and sold (1) to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

October 18, 2013

EXPECTED TIMETABLE

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

Date^(Note 1)

Application lists open^(note 2) 11:45 a.m. on Wednesday,
October 23, 2013

Latest time for lodging **WHITE**,
YELLOW Application Forms and giving
electronic application instructions
to HKSCC^(note 3) 12:00 noon on Wednesday,
October 23, 2013

Latest time to complete electronic applications under
White Form eIPO service through the
designated website at www.eipo.com.hk^(note 4) 11:30 a.m. on Wednesday,
October 23, 2013

Latest time to complete payment of **White Form eIPO**
Applications by effecting internet banking transfer(s)
or PPS payment transfer(s) 12:00 noon on Wednesday,
October 23, 2013

Application lists close^(note 2) 12:00 noon on Wednesday,
October 23, 2013

Expected Price Determination Date^(note 5) Thursday, October 24, 2013

(1) Announcement of:

- the 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 allotment under the Hong Kong Public Offering

to be published in the South China Morning Post (in English)
and in the Hong Kong Economic Times
(in Chinese) on or before Wednesday, October 30, 2013

(2) 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.
(See "How to apply for Hong Kong Offer Shares –
11. Publication of Results" in this prospectus) Wednesday, October 30, 2013

EXPECTED TIMETABLE

- (3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hydoo.com.cn from Wednesday, October 30, 2013

Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications to be dispatched on or before^(note 6) Wednesday, October 30, 2013

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk with a "search by ID" function. Wednesday, October 30, 2013

Dispatch of **White Form** e-Refund payment instructions/ refund checks (if applicable) in respect of wholly or partially unsuccessful applications to be dispatched on or before^(note 6). Wednesday, October 30, 2013

Dealings in Shares on the Stock Exchange to commence on Thursday, October 31, 2013

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering."
- (2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, October 23, 2013, the application lists will not open and close on that day. Further information is set out in "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists".
- (3) Applicants who apply by giving **electronic application instructions** to HKSCC via CCASS should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS".
- (4) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 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.
- (5) The Price Determination Date is expected to be on or about Thursday, October 24, 2013, and in any event, not later than Monday, October 28, 2013. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us on or before Monday, October 28, 2013, the Global Offering will not proceed and will lapse.
- (6) **Share certificates for the Hong Kong Offer Shares will only become valid certificates of title provided that (i) the Global Offering has become unconditional, and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.** Refund checks will be issued in respect of wholly or partially unsuccessful applications, and also in respect of successful applications if the final Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund check.

EXPECTED TIMETABLE

Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Hong Kong Public Offering and have provided all required information may collect refund checks and (where applicable) Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on, October 30, 2013 or any other date notified by the Company in the newspaper as the date of dispatch of Share certificates/e-Refund payment instructions/refund checks. Individual applicants who opt for personal collection must not authorize any other person to make their collection on their behalf. Corporate applicants who opt for personal collection must attend by their authorized representatives, each bearing a letter of authorization from such corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. Uncollected Share certificates and refund checks will be dispatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Forms. Further information is set out in "How to Apply for Hong Kong Offer Shares."

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all required information may collect their refund checks (if any) but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund checks for applicants who apply on **YELLOW** Application Forms for Hong Kong Offer Shares is the same as that for applicants who apply on **WHITE** Application Forms.

Share certificates for the Hong Kong Offer Shares to be distributed via CCASS are expected to be deposited into CCASS on October 30, 2013 for credit to the respective CCASS Participant's stock accounts designated by the International Underwriters, the purchasers or their agents, as the case may be.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details.

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

If you have applied for less than 1,000,000 Hong Kong Offer Shares, your Share certificates (if applicable) and/or refund checks will be dispatched by ordinary post at the applicant's own risk to the address specified on the Application Form.

e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applicants in the event that the Offer Price is less than the price payable on application.

Uncollected Share certificates and/or refund checks (if any) will be dispatched by ordinary post at the applicants' own risk to the addresses specified in the Application Forms promptly after the expiry of the time for their collection. See "How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies."

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This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus or the Application Forms 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 or party involved in the Global Offering.

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SUMMARY

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. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with an investment in the Offer Shares. Some of the particular risks associated with an investment in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OUR BUSINESS AND INDUSTRY

We are a leading developer and operator of large-scale trade centers¹ in China. As of July 31, 2013, we were simultaneously developing eight trade center projects in six provinces and autonomous regions in China, six of which were large-scale trade centers.² We ranked second based on our number of large-scale trade centers in China and ranked third based on our aggregate estimated and uncompleted GFA³ of large-scale trade centers in China as of the same date, according to Savills. As of the same date, we had a total land bank of 7.5 million sq.m.⁴

Our business focuses on the development and operation of large-scale trade centers in third- and fourth-tier, and selected second-tier, cities in China. We currently generate substantially all of our turnover through the sales of properties, and we expect to generate an increasing portion of turnover through rental income in the future. We seek to develop each trade center project into the largest integrated commercial complex in the local region for the wholesale and retail sale of a wide range of products including hardware, electric tools, building materials, furniture and home furnishings, home electronics, apparel and small goods.

¹ Large-scale trade centers refer to trade centers with an aggregate GFA of more than 400,000 sq.m. See “Industry – Trade Center Market in China – Trade Center Characteristics and Classification – Categorization of Trade Centers Based on GFA.” Trade centers refer to commercial projects with wholesale trading market as the primary type of constituent building; the project may include certain other forms of constituent buildings, such as shopping malls, exhibition and conference centers, hotels, office buildings, residential properties, warehouses and other commercial and logistics properties. These projects consist of completed properties which have not been fully sold and delivered, properties under development or properties held for future development – with land grant contracts or land-use rights certificates. See “Business – Our Trade Center Projects.”

² As of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “Business – Our Trade Center Projects – Recent Development.”

³ As of July 31, 2013, our aggregate estimated and uncompleted GFA of large-scale trade centers was 6.7 million sq.m., which consisted of the aggregate estimated and uncompleted GFA of development properties at our six large-scale trade centers with respect to which we received land-use rights certificates from, or entered into land grant contracts with, PRC regulatory authorities. See “Industry Overview” – Trade Center Market in China – Competitive Landscape.”

⁴ Our total land bank as of July 31, 2013 consisted of the aggregate estimated and undelivered GFA of (i) development properties at our six large-scale trade centers as well as the Mianyang Trade Center and the Xingning Trade Center, with respect to which we received land-use rights certificates from or entered into land grant contracts with PRC regulatory authorities, and (ii) development properties at Haode Yinzuo (see “Business – Other Properties”). See the table in the section headed “Business – Our Trade Center Projects” for more information of our development properties.

SUMMARY

We design our trade centers to seamlessly integrate the wholesale trading market properties with other on-site facilities such as shopping malls, exhibition and conference centers, hotels, residential and office space, warehouses and other logistics facilities.

Our business is strategically positioned to benefit from two significant industry and regulatory trends in China – a shift in the government’s urbanization focus from major cities to small- and mid-sized cities and increasing government support for the development of wholesale trading markets. In the Twelfth Five-Year Plan (2011-2015), the PRC government announced its focus on the urbanization of small- and mid-sized cities.⁵ We believe the urbanization of small- and mid-sized cities will be one of the major drivers for China’s economic growth in the coming decade. The urbanization of these cities will require a more streamlined flow of goods, the creation of efficient wholesale networks and a significant increase in domestic consumption – changes that our trade center projects are well positioned to facilitate. In addition, the government adopted a policy of increasing domestic consumption and explicitly stated its plan to promote integrated wholesale trading markets and large-scale trade and logistics enterprises.⁶ According to Savills, the trade center industry is growing rapidly as evidenced by the fact that the total GFA of trade centers in China more than tripled and gross merchant sales of trade centers more than quintupled between 2000 and 2011.

We have a proven business model that focuses on property sales to owners of small and medium-sized enterprises, or SMEs, in regions where we develop and operate our trade centers. We are committed to the long-term success of our trade center projects by catering to the preferences of SMEs in these regions in China to own, instead of lease, properties to conduct their businesses. We plan the early stages of our development projects to consist primarily of properties for sale, such as wholesale trading market units, and seek to sell the vast majority of our properties to SMEs who will actively conduct business at our trade centers. As a result, the continued growth of our customers’ businesses is firmly supported by the bustling commercial environment at our trade centers which we believe contributes to the value appreciation of their purchased properties. Sales proceeds from the earlier stages of our development projects also reduce our dependence on external financial resources to meet our working capital requirements. The success of our initial-stage sales and the development of an active trading environment also allow us to increase the sales and lease prices of our properties and capture higher property value in later development stages. As our current development projects enter later phases of development, typically three to five years after the commencement of development, we plan to retain a proportion of trade center properties as investment properties for long-term recurring income and capital appreciation. During the Track Record Period, we did not designate any investment property and all of our development properties were held for sales.

Our projects typically receive strong support from various government authorities, reflecting the scale of our trade center projects, our compelling value propositions and our management’s depth of experience in developing trade center projects that we believe have benefited the local economies. Local government authorities’ recognition of our value

⁵ See “Section 1: Forming a strategic urbanization layout” in “Chapter 20: Active and Steady Promotion of Urbanization” in the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015).

⁶ See “Section 1: Promoting the development of commercial and trading services industry” in “Chapter 16: Vigorous Development of Service Industry” in the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015).

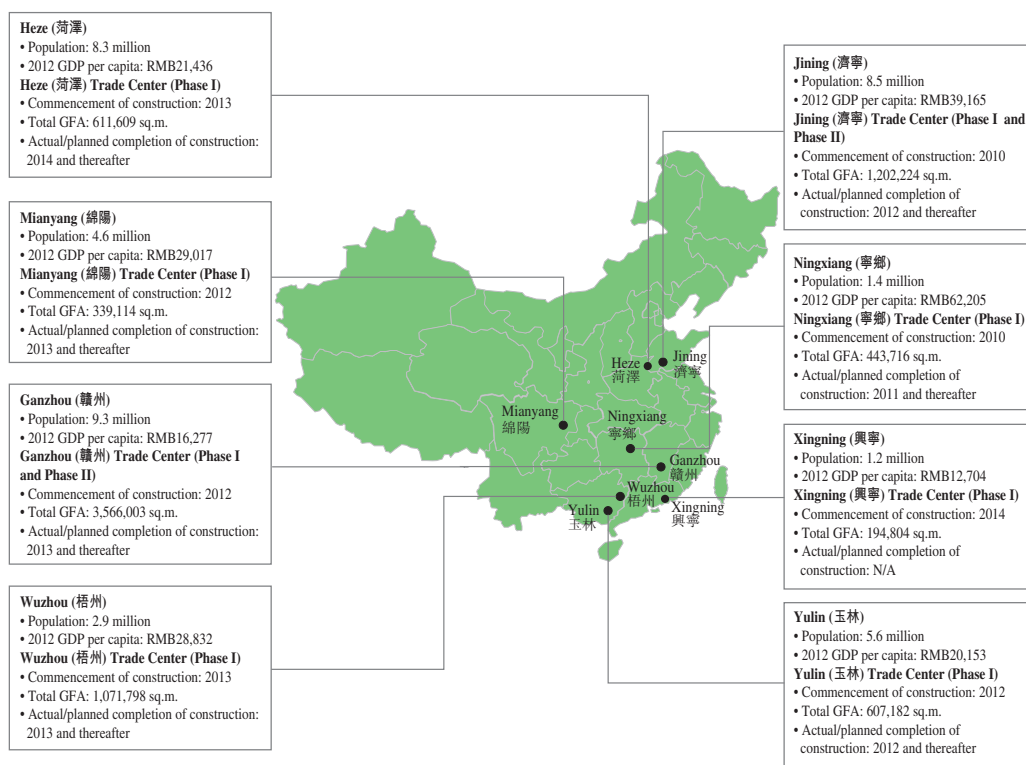
SUMMARY

proposition, coupled with our strong execution capability including our disciplined approach to land selection and acquisition process, is reflected in our ability to consistently acquire high quality land at competitive costs. In addition, in line with the common practice for local governments to provide monetary support to trade center developers in China, we have historically received, and expect to continue to receive significant government grants in support of our trade center projects. See “Financial Information – Government Grants.”

Our origins trace back to 1995, when Mr. Wong Choihing, our chairman, together with his siblings and their families, or the Wang Family Group, first commenced the development of trade center projects in China. Such projects were developed by the Wang Family Group under the business name “Howard” (“豪德”). Between 1995 and 2010, the Wang Family Group developed 19 trade center projects in seven provinces in China. In preparation for the Global Offering, we underwent the Family Allocation to better define the ownership and management structures of these Howard projects. See “History and Corporate Structure – Our History and Development.”

OUR TRADE CENTER PROJECTS AND OTHER PROPERTIES

As of July 31, 2013, we had eight trade center projects in various stages of development located in six provinces and autonomous regions in China. Each project may be divided into multiple phases and each phase may include different forms of constituent buildings based on our overall development plan. The following map illustrates the locations and selected information, including the actual/planned completion dates of each of these trade center projects as of July 31, 2013. In addition, as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “Business – Our Trade Center Projects – Recent Development.”



SUMMARY

The master investment agreements we entered into with local governmental authorities regarding some of these trade center projects also contemplate additional development properties which may be developed incrementally depending on our management team's assessment of market conditions. As of July 31, 2013, we entered into master investment agreements with local government authorities regarding the development of ten projects. Under the terms of certain master investment agreements, we are required to maintain a certain portion of the trade center properties, typically 20-30% in terms of GFA, for self-use or leasing purpose. We believe that such requirement is in line with our overall development plan for these projects. In the near term, we do not intend to allocate any property for self-use or leasing beyond what is required by these master investment agreements. In light of our competitive strengths, in particular our strategic emphasis on developing an active trading and commercial environment at our trade centers, we do not expect such requirement to have any material adverse impact on our business, financial condition or results of operations. See "Business – Our Trade Center Projects – Other Development Plans." In addition to these trade center projects, during the Track Record Period, we have also derived turnover through the sales of properties at (i) Shui'an Xintian, a residential complex located in Ganzhou, Jiangxi province and (ii) Haode Yinzuo, a high-end residential, commercial and office building project in Ganzhou, Jiangxi province. See "Business – Other Properties."

In 2012, in connection with our disposal of a trade center project in Harbin to an independent third party purchaser, two of our Ultimate Controlling Shareholders, namely, Mr. Wong Choihing and Mr. Wang Dewen, entered into a non-competition undertaking of indefinite duration pursuant to which they are restricted from engaging in, and they are obliged to procure that their associates, including our Group, not engage in, the development of trade center projects in Harbin without prior consent of the purchaser. As the Company is not a party to the non-competition undertaking entered into by Mr. Wong Choihing and Mr. Wang Dewen, the Group is not bound by the non-competition undertaking. A strategic review committee of our Group, consisting of one non-executive Director and three independent non-executive Directors, has been established as an additional corporate governance measure to evaluate any potential investment opportunities in Harbin presented to our Group. See "History and Corporate Structure – Reorganization – (2) Transfer of 100% equity interest in Harbin Trade Center Company".

OUR COMPETITIVE STRENGTHS

We believe that our success and our ability to capitalize on future growth opportunities are attributable to our competitive strengths listed below. For more information, see "Business – Our Competitive Strengths."

- Market leader in the large-scale trade center development industry in China;
- Proven business model with compelling value propositions to SMEs;
- Well-positioned to take advantage of significant market opportunities and strong government support;
- Vast and high quality land acquired at competitive costs;
- Strong project development execution capabilities; and
- An experienced management team with strong support from a leading institutional investor.

SUMMARY

OUR STRATEGIES

Our goal is to strengthen our leading position in the large-scale trade center development industry in China. To achieve this goal, we intend to implement the following strategies:

- Continue to expand into new cities with rapid economic growth;
- Continue to attract high-quality customers and enhance services to increase traffic flow and trading activities;
- Seek to optimize the mix between properties for sales and properties for investment purposes; and
- Promote “Hydoo” (毅德) brand image and engage in active marketing activities.

OUR PRE-IPO INVESTORS

In July 2011, we introduced Hony Capital as a strategic investor through the issuance of preferred shares, representing 20% of the then enlarged issued capital of our Company (on an as-converted basis), to Top Amuse, Hony Capital’s investment vehicle, for a consideration of US\$80.0 million. The purchase consideration was settled on July 11, 2011 and Top Amuse became a shareholder of our Company on July 5, 2011. Hony Capital is a leading private equity fund which focuses on investments in the greater China region. We believe we will benefit from the investment by Hony Capital due to its depth of experience in corporate finance, corporate governance and investment management, as well as long-term commitment to our business. In addition, (i) in November 2012, we introduced Ping An Hawking Fund as a pre-IPO investor through share issuance for a total consideration of HK\$178.0 million, and (ii) in December 2012, we introduced Creat and Zhenshuo as our pre-IPO investors through share issuance for a total consideration of approximately HK\$189.0 million and HK\$89.0 million, respectively.

For more information relating to our Pre-IPO Investors, including our corporate structure chart, see “History and Corporate Structure.”

OUR FINANCIAL PERFORMANCE

Our business operations have experienced significant growth during the Track Record Period. We engage in the property development business, and our results of operations are significantly affected by the economic growth and regulatory measures of the real estate industry in China. In addition, as we focus on the development of large-scale trade center projects with an aggregate estimated GFA of more than 400,000 sq.m. and a development cycle of five to ten years, our results of operations are significantly affected by the total GFA and sales prices of properties delivered during any relevant period. In addition, we are also affected by our ability to control construction costs and acquire quality land at acceptable costs, land appreciation tax and cost of financing. See “Financial Information – Factors Affecting Our Results of Operations.” In particular, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our turnover amounted to RMB95.7 million, RMB832.7 million, RMB1,607.1 million, RMB640.3 million and RMB189.8 million, respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our aggregate GFA of properties sold was approximately 17.0 thousand sq.m., 222.0 thousand sq.m., 355.7 thousand sq.m., 161.5 thousand sq.m. and 39.8 thousand sq.m., respectively. During the years ended December 31, 2010, 2011 and 2012, our profit for the year amounted to RMB12.2 million, RMB229.0 million and RMB214.8 million, respectively; and our adjusted profit for the year amounted to RMB12.2 million, RMB210.4

SUMMARY

million and RMB507.1 million, respectively. For the six months ended June 30, 2012 and 2013, our net loss amounted to RMB88.5 million and RMB193.2 million, respectively. Our adjusted profit for the six months ended June 30, 2012 was RMB91.4 million and our adjusted loss for the six months ended June 30, 2013 was RMB144.3 million. The decrease in turnover from the six months ended June 30, 2012 to 2013 and our net loss incurred in the six months ended June 30, 2013 was primarily due to a decrease in volume of property delivered during the six months ended June 30, 2013, reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013. Such fluctuations reflected the general business nature of our development operations. See “Risk Factors – Risks Relating to Our Industry and Our Business – Our operating results are significantly affected by peaks and troughs in our property delivery schedule.” Our sales backlog as of June 30, 2013, which represented the portion of the contract value of property products subject to property sales contracts entered into as of such date the associated revenue of which had not been recognized as of the same date, was RMB5,657.6 million.

During the Track Record Period, we also received significant amounts of government grants in connection with our trade center projects in Ningxiang, Jining, Yulin, Mianyang, Wuzhou and Ganzhou. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the total amount of government grants we received amounted to RMB85.6 million, RMB265.9 million, RMB586.9 million and RMB388.5 million, respectively, of which RMB5.4 million, RMB126.6 million, RMB285.2 million and RMB23.9 million, respectively, have been credited to cost of sales during the same periods. See “Financial Information – Government Grants.” In addition, our results of operations in 2011 and 2012 were favorably affected by certain tax treatment applicable to our Ningxiang Trade Center which will not be applicable in future periods. See “Financial Information – Description of Certain Income Statement Line Items – Income Tax Expenses.”

The following tables set forth a summary of our financial information as of and for the three years ended December 31, 2010, 2011 and 2012 and as of and for the six months ended June 30, 2012 and 2013 and should be read in conjunction with our financial information included in the Accountants’ Report set out in Appendix I to this prospectus, including the notes thereto, and the analysis and discussion included in “Financial Information.” The summary financial information has been prepared in accordance with the IFRS.

Consolidated Income Statements

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
	(unaudited)									
	In thousands of RMB, except for percentages									
Turnover ^(Note 1)	95,715	100.0%	832,683	100.0%	1,607,114	100.0%	640,275	100.0%	189,764	100.0%
Cost of sales	(18,337)	(19.2%)	(398,860)	(47.9%)	(830,843)	(51.7%)	(341,207)	(53.3%)	(96,732)	(51.0%)
Gross profit	77,378	80.8%	433,823	52.1%	776,271	48.3%	299,068	46.7%	93,032	49.0%
Other revenue	—	—	686	0.1%	1,377	0.1%	105	—	4,168	2.2%
Other net loss	—	—	(79)	—	(5)	—	—	—	—	—
Selling and distribution expenses	(20,060)	(20.9%)	(52,911)	(6.4%)	(62,220)	(3.9%)	(31,439)	(4.9%)	(44,244)	(23.3%)
Administrative expenses	(27,515)	(28.7%)	(75,618)	(9.1%)	(187,722)	(11.7%)	(73,742)	(11.5%)	(138,417)	(72.9%)
Other operating expenses	(5,728)	(6.0%)	(4,139)	(0.5%)	(6,644)	(0.4%)	(482)	(0.1%)	(11,784)	(6.2%)
Profit/(loss) from operations	24,075	25.2%	301,762	36.2%	521,057	32.4%	193,510	30.2%	(97,245)	(51.2%)

SUMMARY

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
	(unaudited)									
	In thousands of RMB, except for percentages									
Share of loss of a jointly controlled entity	(1,407)	(1.5%)	(2,541)	(0.3%)	(3,111)	(0.2%)	(3,111)	(0.5%)	–	–
Gain on disposal of a subsidiary ^(Note 2)	–	–	–	–	306,551	19.1%	–	–	–	–
Finance income	458	0.5%	3,007	0.4%	1,374	0.1%	646	0.1%	4,473	2.4%
Finance costs	–	–	(32,083)	(3.9%)	(73,241)	(4.6%)	(33,696)	(5.3%)	(39,936)	(21.0%)
Change in fair value of embedded derivative on Preferred Shares	–	–	18,583	2.3%	(292,348)	(18.2%)	(179,933)	(28.0%)	(48,920)	(25.9%)
Profit/(loss) before taxation	23,126	24.2%	288,728	34.7%	460,282	28.6%	(22,584)	(3.5%)	(181,628)	(95.7%)
Income tax	(10,953)	(11.5%)	(59,751)	(7.2%)	(245,491)	(15.2%)	(65,949)	(10.3%)	(11,580)	(6.1%)
Profit/(loss) for the year/period	12,173	12.7%	228,977	27.5%	214,791	13.4%	(88,533)	(13.8%)	(193,208)	(101.8%)
Non-IFRS Measures										
Adjusted profit/(loss) for the year/period ^(Note 3)	12,173	12.7%	210,394	25.3%	507,139	31.6%	91,400	14.3%	(144,288)	(76.0%)

Note 1: We derived substantially all our turnover from sales of properties and recorded certain turnover from the provision of property management services and property leasing.

Note 2: In November 2012, we disposed of our equity interest in Harbin Trade Center Company, the project company for the development of a trade center project in Harbin, to Harbin China South City Company Limited, or Harbin CSC, an independent third party. We recognized a gain of RMB306.6 million in connection with the disposal. See “History and Corporate Structure – Reorganization – (2) Transfer of 100% equity interest in Harbin Trade Center Company.” As part of our business strategy, we continuously assess and monitor the deployment and allocation of our financial and management resources among the various projects of our Group, and explore and evaluate opportunities of new projects that become available to us from time to time. Based on these assessments and evaluation, from time to time, we may decide to strategically reallocate our resources and focus on development opportunities that we believe to offer potentially higher returns for our Group. Although we expect to rely on the sales of trade center properties and units to individual customers as our primary income source, we believe that such sales of in-progress projects via disposal of equity interest in the project company represents another option that is available to us to generate profit and realize cash flow based on our business operations. We currently do not expect to dispose of any of our trade center projects.

Note 3: Adjusted profit/(loss) for the year/period represents our profit or loss for the year or period, adjusted to exclude change in fair value of embedded derivative on Preferred Shares. Adjusted profit/(loss) for the year/period is presented as a supplemental disclosure because it is used by our management as the primary measure of our operating performance as compared to those of other companies in our industry, without regard to capital structure. However, adjusted profit/(loss) for the year/period is a non-IFRS financial measure. It should not be considered in isolation or construed as an alternative to profit/(loss) for the year/period or profit/(loss) from operations as indicators normally included in IFRS-based financial results. Adjusted profit/(loss) for the year/period presented in this prospectus may not be comparable to other similarly titled measurements of other companies.

The following table provides a quantitative reconciliation of adjusted profit/(loss) for the year/period to its most directly comparable IFRS measurement, profit/(loss) for the year/period:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	In thousands of RMB				
Profit/(loss) for the year/period					
Adjusted for:	12,173	228,977	214,791	(88,533)	(193,208)
Change in fair value of embedded derivative on Preferred Shares	—	(18,583)	292,348	179,933	48,920
Adjusted profit/(loss) for the year/period	12,173	210,394	507,139	91,400	(144,288)

SUMMARY

Selected Consolidated Balance Sheet Items

	As of December 31,			As of
	2010	2011	2012	June 30,
	In thousands of RMB			2013
Non-current assets				
Property, plant and equipment . . .	6,845	22,679	45,647	48,349
Current assets				
Inventories	1,131,970	1,898,673	3,303,546	5,247,424
Trade and other receivables	134,200	422,477	948,577	536,970
Cash and cash equivalents	285,828	436,941	584,379	2,364,901
Non-current liabilities				
Bank loans	20,000	43,000	60,000	710,500
Redeemable convertible Preferred Shares	–	511,545	581,412	608,366
Embedded derivative liabilities on convertible redeemable preferred shares	–	1,329	292,502	336,016
Current liabilities				
Trade and other payables	1,377,023	1,720,562	1,712,620	5,191,267
Bank loans and other borrowings . .	10,000	60,000	689,000	86,350
Deferred income	80,159	219,490	521,267	885,872
Total equity	189,010	372,673	1,056,067	735,498

PROPERTY VALUATION

Savills Valuation, an independent property valuer, valued our property interests as of July 31, 2013. See “Appendix III – Property Valuation” of this prospectus. Based on such review, the aggregate value of our property interests as of July 31, 2013 was RMB17.5 billion. In connection with our valuation, Savills Valuation applied direct comparison method based on comparison and reference to comparable sales transactions in local market. Such method is a common approach to value the properties which are planned for sale in the near future and are with identifiable valuation comparables in the property market. In conducting the valuation, Savills Valuation relied on the information provided by our Group and our PRC legal adviser in relation to title to the properties and assumed, among other things, that properties that are uncompleted will be developed and completed in accordance with our development plan. Investors are however advised that the appraised values of our property interests shall not be taken as their actual realizable value or a forecast of their realizable value. See “Risk Factors – Risks Relating to Our Industry and Our Business – The appraisal value of our properties may be different from the actual realizable value and is subject to change.”

RECENT DEVELOPMENT

During the two months ended September 30, 2013, we entered into land-grant contracts with respect to our trade center projects in Lanzhou, Yantai and Yulin. As a result, as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “Business – Our Trade Center Projects – Recent Development.”

In addition, the following discussion of the selected financial information, including turnover, cost of sales, gross profit and listing expenses, for the eight months ended August 31, 2013 is based on our unaudited consolidated financial statements prepared in accordance with

SUMMARY

International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and reviewed by the Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by Hong Kong Institute of Certified Public Accountants for such relevant period. For additional information regarding the various risks and uncertainties inherent in financial information of this type, see “Forward-looking Statements.” Our financial information during such period is not indicative of our actual results or the results for any future periods. The financial information below should be read in conjunction with our audited financial statements for the Track Record Period and related notes and other financial information, included elsewhere in this prospectus. Please also refer to “Financial Information” included elsewhere in this prospectus for information regarding trends and other factors that may influence our results of operations.

For the eight months ended August 31, 2013, our turnover, cost of sales, gross profit, finance cost, change in fair value of embedded derivative on Preferred Shares and listing expenses were approximately RMB249.4 million, RMB130.4 million, RMB119.0 million, RMB52.2 million, RMB63.9 million and RMB17.3 million, respectively. We do not expect our listing expenses to have a material adverse impact on our financial results for the year ending December 31, 2013. In addition, the Preferred Shares will be automatically converted to our Shares immediately upon the completion of the Global Offering and liability associated with the Preferred Shares will be converted into equity capital of our Group. For a description of any material bank loans and borrowings incurred after the end of the Track Record Period to August 31, 2013, the most recent practicable date for purposes of discussing such information, see “Financial Information – Indebtedness.”

Our Directors confirm that, as of the date of this prospectus, save as otherwise disclosed above, there was no material adverse change in our financial, operational or trading position subsequent to the Track Record Period.

GLOBAL OFFER STATISTICS

	Based on an Offer Price of HK\$1.85 per share	Based on an Offer Price of HK\$2.45 per share
Market capitalization of our Shares ⁽¹⁾	HK\$7,433.3 million	HK\$9,844.1 million
Unaudited pro forma adjusted consolidated net tangible assets value attributable to the equity shareholders of the Company per Share ⁽²⁾	HK\$0.85	HK\$0.97

Notes:

- (1) The calculation of the market capitalization is based on the assumption that 4,018,000,000 Shares will be in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).
- (2) The unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of our Company per Share in the above table is calculated after the adjustments referred to in the section entitled “Appendix II – Unaudited Pro Forma Adjusted Net Tangible Assets” in this prospectus and on the basis of 4,018,000,000 Shares in issue and outstanding immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

SUMMARY

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$2.15 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$1,583.6 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. For additional information as to underwriting fees and commissions and estimated expenses, see “Underwriting.”

We intend to use the net proceeds of the Global Offering for the following purposes:

- Approximately 90% (or approximately HK\$1,425.2 million) will be used for the financing of expenditures to be incurred in connection with future development activities, including (i) development of our projects under development and projects held for future development, (ii) other development properties subject to master investment agreements, including funds to be used to acquire land-use rights; and
- Approximately 10% (or approximately HK\$158.4 million) for working capital and other general corporate purposes.

The use of proceeds shown above will be adjusted proportionally in the event that the final Offer Price is fixed at a higher or lower level compared to the midpoint of the offer price range or that the Over-allotment Option is exercised.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will invest the net proceeds in short-term demand deposits or money market instruments with reputable commercial banks in China or Hong Kong.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

We did not pay any dividends during the years ended December 31, 2010, 2011 and 2012 and during the six months ended June 30, 2013. Considering our financial position, we currently intend, in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders no more than 50% of any core net profit from our Company derived during the year for the fiscal year ending December 31, 2013. As of June 30, 2013, our distributable reserves were nil. We plan to regularly review our dividend policy and the amount of our dividends in future periods depends on, among other things, our results of operations, financial condition, cash flow, operating and capital needs, distributable reserve and restrictions and limitations under applicable laws.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our industry and business, (ii) risks relating to conducting business in China, and (iii) risks relating to the Global Offering. Particularly, various factors beyond our control may significantly influence the results of our growth strategy, including general economic conditions and changes to PRC laws and regulations, particularly in the real estate industry and the specific geographic areas in which we operate, the market demand for commercial real estate properties, especially trade center products, and business or operational strategies and policies adopted by commercial banks, suppliers and contractors as well as our competitors. Please see the section entitled “Risk Factors” for detailed discussions.

DEFINITIONS

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

“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE, YELLOW and GREEN application form(s) or, where the context requires, any of them relating to the Global Offering
“Articles of Association” or “Articles”	our articles of association, as adopted on September 27, 2013, and as amended from time to time, a summary of which is contained in Appendix IV to this prospectus
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“average selling price” or “ASP”	the average selling price per sq.m. which is derived by dividing turnover of the subject properties by the total GFA delivered
“Board of Directors” or “Board” or “our Board”	our board of Directors
“Business Day” or “business day”	any day (other than a Saturday or Sunday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed “Appendix V – Statutory and General Information – A. Further Information About Our Group – 5. Written resolutions signed by all Shareholders of our Company” in this prospectus

DEFINITIONS

“Cayman Companies Law”	the Companies Law (2013 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or 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
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Chinese government” or “PRC Government”	the government of the PRC, including the central government and all governmental and political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, as the context requires, any one or more of them
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“completion certificate”	construction work completion inspection certificate (竣工驗收備案表) issued by local urban construction bureaus or equivalent authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection

DEFINITIONS

“connected person”	has the meaning ascribed to it under the Listing Rules
“construction work commencement permit”	construction work commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China
“construction work planning permit”	construction work planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, in the context of this prospectus, means the Ultimate Controlling Shareholders, Most Trend, Mr. Wong Kim and Eminent Ascend
“Creat”	Creat (Far East) Company Limited (科瑞(遠東)有限公司), a company incorporated and existing under the laws of the BVI on December 23, 2010, a direct wholly-owned subsidiary of World Charter International Limited (偉俊國際有限公司), and is one of our 2012 Pre-IPO Investors. World Charter International Limited is directly wholly-owned by Nanchang Hengshi Investment Management Company Limited (南昌恒世投資管理有限公司), which is in turn wholly-owned by Mr. Zheng Yuewen (鄭躍文)
“Creat Investment Agreement”	the agreement dated December 10, 2012, entered into by our Company, Most Trend, our Ultimate Controlling Shareholders and Creat
“Deed of Non-competition”	a deed of non-competition dated September 27, 2013 executed by our Controlling Shareholders in favor of our Company
“Director(s)” or “our Director(s)”	the director(s) of our Company or any one of them
“EIT”	the PRC enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法)
“Eminent Ascend”	Eminent Ascend Limited (頂昇有限公司), a company incorporated and existing under the laws of the BVI on April 16, 2012, which is wholly-owned by Mr. Wong Kim, and is one of our Controlling Shareholders

DEFINITIONS

“Excluded Howard Projects”	the 14 Howard Projects which were not allocated into our Group pursuant to the Family Allocation. See “History and Corporate Structure – Our History and Development”
“Family Allocation”	the family allocation of the Howard Projects taken place in October 2010. See “History and Corporate Structure – Our History and Development”
“FIREE”	a foreign invested real estate enterprise
“Ganzhou Logistics Park”	Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited, a company established in the PRC with limited liability on March 5, 2012 and our indirect wholly-owned subsidiary
“Ganzhou Trade Center”	the trade center located in Ganzhou, Jiangxi province being developed by Ganzhou Logistics Park
“Ganzhou Jiuzhi”	Ganzhou Jiuzhi Property Management Services Company Limited (贛州市久治物業管理有限公司), a company established in the PRC with limited liability on March 1, 2002, and is one of our indirect, non-wholly owned subsidiaries
“GDP”	gross domestic product
“GFA”	gross floor area
“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
“Guotai Junan International”	Guotai Junan Capital Limited (國泰君安融資有限公司), our compliance adviser
“Harbin Trade Center”	the trade center located in Harbin, Heilongjiang province, which was disposed of in December 2012

DEFINITIONS

“Harbin Trade Center Company”	Harbin Hydoo Commercial and Trade Center Development Company Limited, a company established in the PRC on December 22, 2011, which was disposed of in December 2012. See “History and Corporate Structure – Reorganization – Transfer of 100% equity interest in Harbin Trade Center Company”
“Heze Trade Center”	the trade center located in Heze, Shandong province being developed by Heze Hydoo Commercial and Trade Center Company Limited
“HK\$” or “HK dollars” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	76,826,000 Shares (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) being offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offering of initially 76,826,000 Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering”) at the Offer Price and on the terms and subject to the conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Hong Kong Underwriters – Joint Lead Managers”

DEFINITIONS

“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated October 17, 2013 relating to the Hong Kong Public offering entered into among our Company, the Ultimate Controlling Shareholders, Most Trend, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters
“Hony Capital”	Hony Capital Fund 2008, L.P., a leading private equity fund which focuses on investments in the greater China region
“Hony Share Purchase Agreement”	the agreement dated June 18, 2011 between our Company, Most Trend, our Ultimate Controlling Shareholders and Top Amuse
“Hydoo Estate (Ganzhou)”	Hydoo Estate (Ganzhou) Company Limited (毅德置業(贛州)有限公司) formerly known as Howard Estate (Ganzhou) Company Limited (豪德置業(贛州)有限公司), a limited liability company established in the PRC on July 16, 2002, and a wholly-owned subsidiary of our Company
“Hydoo HK”	Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (previously known as Hongkong Howard Group Investment Company Limited (香港豪德集團投資有限公司)), a limited liability company incorporated in Hong Kong on January 18, 2002, and a wholly-owned subsidiary of our Company
“IFRS”	International Financial Reporting Standards
“independent third party(ies)” or “Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, have made all reasonable enquiries, are independent of our Company and its connected persons
“Industry Consultant” or “Savills”	Savills Real Estate Valuation (Beijing) Company Limited
“INEDs”	the independent non-executive Directors

DEFINITIONS

“International Offer Shares”	691,430,000 Shares (subject to adjustment and the exercise of the Over-allotment Option as described in the section headed “Structure of the Global Offering” in this prospectus), which are the subject of the International Offering
“International Offering”	the offer of the International Offer Shares at the Offer Price to institutional, professional, corporate and other investors (other than to retail investors in Hong Kong), as further described in the section headed “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 to be entered into among our Company, the Ultimate Controlling Shareholders, Most Trend, the Joint Sponsors, the Joint Global Coordinators and the International Underwriters on or about October 24, 2013
“Jining Hydoo Modern Logistics”	Jining Hydoo Modern Logistics Company Limited (濟寧毅德現代物流有限公司), a limited liability company established in the PRC on September 2, 2011, and a wholly-owned subsidiary of our Company
“Jining Modern Industrial”	Jining Hydoo Modern Industrial Company Limited, a company established in the PRC on January 13, 2010, and a wholly-owned subsidiary of our Group
“Jining Trade Center”	the trade center located in Jining, Shandong province being developed by Jining Hydoo Logistics Center Development Company Limited
“Joint Bookrunners”	UBS AG, Hong Kong Branch, Morgan Stanley Asia Limited, ABCI Capital Limited, CIMB Securities Limited, China Merchants Securities (HK) Co., Limited, ICBC International Capital Limited and BOCOM International Securities Limited
“Joint Global Coordinators”	UBS AG, Hong Kong Branch and Morgan Stanley Asia Limited

DEFINITIONS

“Joint Lead Managers”	UBS AG, Hong Kong Branch, Morgan Stanley Asia Limited, ABCI Securities Company Limited, CIMB Securities Limited, China Merchants Securities (HK) Co., Limited, ICBC International Securities Limited and BOCOM International Securities Limited
“Joint Sponsors”	UBS Securities Hong Kong Limited and Morgan Stanley Asia Limited
“land grant contract”	state-owned land-use rights grant contract (土地使用權出讓合同) between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus
“land-use rights certificate”	the state-owned land-use rights certificate (土地使用權證) issued by local regulatory authorities administering land resource matters
“Lanzhou Trade Center”	the trade center located in Lanzhou, Gansu province being developed by Lanzhou Hydoo Commercial and Trade Center Company Limited
“LAT”	land appreciation tax (土地增值稅)
“Latest Practicable Date”	October 8, 2013, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date expected to be on or about October 31, 2013 on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended or supplemented from time to time)

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market
“Memorandum of Association”	the memorandum of association of our Company adopted on September 27, 2013, as amended from time to time
“Mianyang Trade Center”	the trade center located in Mianyang, Sichuan province being developed by Mianyang West Modern Trade Center Development Company Limited
“Ministry of Construction”	Ministry of Construction of the PRC (中華人民共和國建設部)
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Ministry of Land and Resources”	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD”	Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部)
“Most Trend”	Most Trend Holdings Limited (至毅控股有限公司), a company incorporated and existing under the laws of the BVI on July 1, 2010, which is owned by our Ultimate Controlling Shareholders, and is one of our Controlling Shareholders
“Mr. Wong” or “Mr. Wong Choihing”	Mr. Wong Choihing, our chairman, chief executive officer and executive Director
“National Bureau of Statistics”	National Bureau of Statistics of China (中華人民共和國國家統計局)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

DEFINITIONS

“Ningxiang Trade Center”	the trade center located in Ningxiang, Hunan province being developed by Ningxiang Hydoo Guangcai Trade Center Development Company Limited
“Offer Price”	the final Hong Kong dollar price per Offer Share (before brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) at which Shares are to be subscribed or purchased pursuant to the Global Offering, which will not be more than HK\$2.45 and is expected to be not less than HK\$1.85, to be determined as described in “Structure of the Global Offering – Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, where relevant, with any Shares being issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option we expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters pursuant to the International Underwriting Agreement
“Over-allotment Shares”	up to 115,238,000 Shares which our Company may be required to issue at the Offer Price pursuant to the Over-allotment Option
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Perfect Partner”	Perfect Partner Developments Limited, a company incorporated and existing under the laws of the BVI on May 16, 2012, which is wholly-owned by Mr. Wu Bo, vice president and chief financial officer of our Company
“Ping An Hawking Fund”	Ping An Hawking China Opportunity Fund ILP, an exempted limited partnership established in the Cayman Islands on August 24, 2012, and is one of our 2012 Pre-IPO Investors. The partnership interests consist of (i) Hawking (Asia) Capital Management Limited; (ii) Green Idea Global Limited (Limited Partner); and (iii) Nova Castle Limited (Limited Partner)

DEFINITIONS

“Ping An Hawking Fund Investment Agreement”	the agreement dated November 8, 2012, entered into between our Company, Most Trend, Eminent Ascend, our Controlling Shareholders and Ping An Hawking Fund
“plot ratio”	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
“Preferred Share(s)”	preferred shares of par value of HK\$0.01 each following our Reorganization in the share capital of our Company which are held by Hony Capital through Top Amuse
“Pre-IPO Investments”	the investments made by the Pre-IPO Investors
“2012 Pre-IPO Investments”	the investments made by the 2012 Pre-IPO Investors
“Pre-IPO Investment Agreements”	refers collectively to the following agreements: (i) Hony Share Purchase Agreement; and (ii) the 2012 Pre-IPO Investment Agreements
“2012 Pre-IPO Investment Agreement”	refers collectively to the following agreements: (i) the Ping An Hawking Fund Investment Agreement; (ii) the Supplemental Ping An Hawking Fund Investment Agreement; (iii) the Creat Investment Agreement; and (iv) the Zhenshuo Investment Agreement
“Pre-IPO Investors”	Top Amuse and the 2012 Pre-IPO Investors
“2012 Pre-IPO Investors”	Ping An Hawking Fund, Creat and Zhenshuo
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme ratified and adopted by our Board of Directors in March 2013, under which share options are granted to eligible participants, further details of which are described in the section headed “Appendix V – Statutory and General Information – D. Pre-IPO Share Option Scheme” in this prospectus
“pre-sale permit”	a permit issued by a local housing and building administrative bureau or an equivalent authority with respect to pre-sale of the relevant properties (商品房預售許可證)

DEFINITIONS

“Price Determination Agreement”	the agreement to be entered into by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and the Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about October 24, 2013 (Hong Kong time) and in any event no later than October 28, 2013, on which the Offer Price is to be fixed by the Price Determination Agreement
“Property Valuation Report”	property valuation report prepared by Savills Valuation, independent property valuer, and included as Appendix III to this prospectus
“Property Valuer” or “Savills Valuation”	Savills Valuation and Professional Services Limited
“public tender,” “auction,” or “listing-for-sale”	public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land-use rights directly from the PRC government
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the Securities Act
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the reorganization of our Group in preparation for the Listing of the Shares on the Stock Exchange, details of which are set out in the section headed “History and Corporate Structure” in this prospectus
“Rule 144A”	Rule 144A under the Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC (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)

DEFINITIONS

“saleable GFA”	GFA of properties that are saleable pursuant to PRC laws and regulations
“SEC”	the U.S. Securities and Exchange Commission
“Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	common shares of par value of HK\$0.01 each following our Reorganization in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“site area”	refers to the area of a particular plot of land
“SME”	small and medium-sized enterprises
“sq.m.”	square meter
“Stabilizing Manager”	UBS AG, Hong Kong Branch
“State Administration of Taxation”	State Administration of Taxation of China (中華人民共和國國家稅務總局)
“State Council”	the State Council of the People’s Republic of China (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilizing Manager and Most Trend, pursuant to which the Stabilizing Manager may borrow up to 115,238,000 Shares from Most Trend on terms set forth therein
“Supplemental Ping An Hawking Fund Investment Agreement”	the agreement dated December 5, 2012, between our Company, Most Trend, Eminent Ascend, our Ultimate Controlling Shareholders and Ping An Hawking Fund

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 2 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Top Amuse”	Top Amuse Holdings Limited, a limited liability company established in British Virgin Islands on February 5, 2010, which is a wholly-owned subsidiary of Hony Capital, and is one of our Pre-IPO Investors
“Track Record Period”	the periods comprising the three financial years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013
“Ultimate Controlling Shareholders”	Mr. Wong Choihing, Mr. Wang Dewen, Mr. Wang Jianli, Mr. Wang Quanguang, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheungtak
“Underwriters”	the International Underwriters and the Hong Kong Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
“United States” or “U.S.”	the United States, as defined in Regulation S
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Person”	has the meaning given to it in Regulation S

DEFINITIONS

“we,” “us,” “our,” “Company” or “Group”	Hydoo International Holding Limited (毅德國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on October 19, 2010 and, unless the context otherwise requires, all of its subsidiaries; in respect of the period before our Company became the holding company of our current subsidiaries or before the incorporation of any of these subsidiaries, our Company’s current subsidiaries and the businesses operated by such subsidiaries, or their predecessors and the business operated by such predecessors (as the case may be)
“White Form eIPO”	applying for Public Offer Shares to be issued in your own name by submitting applications online through the designated website at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wuzhou Trade Center”	the trade center located in Wuzhou, Guangxi province being developed by Wuzhou Hydoo Commercial and Trade Center Development Company Limited
“Xingning Hydoo”	Xingning Hydoo Commercial and Trade Center Company Limited, a company established in the PRC on December 27, 2012, and is directly controlled by Jining Modern Industrial
“Xingning Trade Center”	the trade center located in Xingning, Guangdong province being developed by Xingning Hydoo Commercial and Trade Center Company Limited
“Yantai Hydoo”	Yantai Hydoo International Commercial and Trade Center Company Limited, a company established in the PRC on March 26, 2013, and is a direct, wholly-owned subsidiary of Hydoo HK
“Yantai Hydoo Modern Logistics”	Yantai Hydoo Modern Logistics Company Limited, a company established in the PRC on December 28, 2012, and subsequently deregistered on August 14, 2013
“Yantai Trade Center”	the trade center located in Yantai, Shandong province being developed by Yantai Hydoo

DEFINITIONS

“Yulin Trade Center”	the trade center located in Yulin, Guangxi province being developed by Guangxi Yulin Modern Trade Center Development Company Limited
“Zhenshuo”	Zhenshuo International Holding Co., Limited, a company incorporated and existing under the laws of the Cayman Islands on May 27, 2002, a direct wholly-owned subsidiary of Union Score International Limited (溢升國際有限公司), and is one of our 2012 Pre-IPO Investors. Union Score International Limited is directly wholly-owned by Nanchang Taile Technology Company Limited (南昌泰勒科技有限公司), which is wholly-owned by Mr. Huang Shaowu (黃紹武)
“Zhenshuo Investment Agreement”	the agreement dated December 10, 2012, entered into by our Company, Most Trend, our Ultimate Controlling Shareholders and Zhenshuo
“%”	percent

In this prospectus:

- The English names of the PRC national, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.*
- Unless otherwise specified, all references to any shareholdings in our Company assume that the Over-allotment Option has not been exercised.*

RISK FACTORS

You should carefully read and consider all of the risks and uncertainties described below before deciding to make any investment in our Shares. 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.

RISKS RELATING TO OUR INDUSTRY AND OUR BUSINESS

We are dependent on economic growth, especially growth in domestic consumption, in China and particularly in the cities where we have significant operations.

We are currently developing trade center projects in various third-and fourth-tier cities in China. We focus on selling properties at our trade center projects to proprietors, typically owners of small and medium-sized enterprises, or SMEs, in these cities. Our success depends on economic growth, the development of a consumption-driven economy, particularly the growth in domestic consumption in China and in the cities where we develop and operate our trade centers.

The PRC government has been encouraging the development of an economy driven primarily by domestic consumption rather than exports. China has traditionally had lower levels of per capita consumption and higher savings rates than other developing economies in the world. The success of this strategy is therefore closely linked to the shift of people's spending and saving behavior in China. In addition, unlike the more developed regions of China such as first-tier cities and provincial capital cities, most of the cities where we operate have remained relatively under-developed over the years. They have not substantially benefited from the urbanization process that has taken place in first-tier and provincial capital cities, which has increased domestic consumption levels in those areas. Third-and fourth-tier cities have only recently become a focal point in the development plans of the PRC government as part of the national policy to increase domestic consumption and reduce reliance on exports. There is no assurance that the urbanization process will proceed at the current level, or the domestic consumption will grow as expected in regions where we operate our business. These significantly affect the level of wholesale trading activities and the commercial environment, as well as the demand for trade centers in regions where we operate our business. Any economic downturn in China, particularly in third-and fourth-tier cities where we operate or the second-tier cities we plan to enter, or any failure by the PRC government to increase domestic consumption levels and develop a consumption-driven economy from an export-reliant economy, could materially and adversely affect the demand for our trade center products. Such decrease could negatively affect our sales volume and price, which in turn could negatively impact our revenues and profits.

Any such negative development could have a material and adverse effect on our turnover and gross and net profits. In addition, the development of trade centers are capital intensive and significantly reliant on cash flows provided through payments made from our customers for our products. Any significant decrease in demand for our trade center products could materially and adversely affect our operating cash flow and liquidity. As a result, our business, prospects, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

We have a limited operating history.

We started to generate revenue from the sales of properties at our trade center projects in Ningxiang and Jining in 2011. Our turnover in 2010 was primarily derived from sales of commercial and residential units at Shui'an Xintian, a project developed by Hydoo Estate (Ganzhou). See “Financial Information – Description of Certain Income Statement Line Items.” We experienced significant growth, and our turnover amounted to RMB95.7 million, RMB832.7 million and RMB1,607.1 million for the years ended December 31, 2010, 2011 and 2012, respectively. Our turnover amounted to RMB640.3 million and RMB189.8 million for the six months ended June 30, 2012 and 2013, respectively. However, our historical financial information may not necessarily be indicative of our results of operations, financial position and cash flows in the future. Our business, financial condition and results of operations during any given period are significantly affected by the development and sales progress made with respect to a limited number of property projects relevant for the period. In addition, we were historically positively or negatively affected by certain one-off, non-recurring or non-continuing events, such as, among other things, the assessable profit method applied to calculate our taxation at our Ningxiang Trade Center which resulted in a tax saving of RMB53.2 million and RMB16.2 million in 2011 and 2012, respectively. We were also positively affected by the significant amount of government grants received during the Track Record Period. There is no assurance that we will be able to continue our growth trend in future periods.

Our limited operating history makes it difficult to evaluate our business prospects. You should consider our future prospects in light of the risks and challenges encountered by a company with a limited operating history. These risks and challenges include, among others:

- implementing our growth strategy and responding effectively to changes in market conditions;
- the uncertainties associated with our ability to continue our growth and maintain profitability;
- preserving and enhancing our competitive position in the trade center development industry;
- offering consistent and high-quality trade center products;
- maintaining or enhancing the level of occupancy at our trade center projects;
- maintaining sound relationships with local governments and continuing to benefit from government support, grants and other incentives that we currently receive;
- obtaining adequate financing, including bank loans and other borrowings, to support our trade center development activities that are capital-intensive;
- maintaining our relationships with construction contractors, other suppliers and third-party service providers; and
- recruiting, training and retaining qualified managerial and other personnel.

If we are unsuccessful in addressing any of these risks or challenges, our business, prospects, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We are particularly susceptible to changes in government policies and measures relating to the real estate industry in China.

The PRC national and local governments exert considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other regulatory and economic measures, such as control over the supply of land for property development, foreign exchange, property purchases, mortgage financing, taxation, interest rates and foreign investment. These policies and measures have a significant impact on our business of developing and operating trade centers, as well as our development of commercial and residential properties in our projects. For example, through these policies and measures, the PRC national and local governments may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies, income, capital gain or otherwise, on property transactions and restrict foreign investment in the PRC property sector. Recently, the PRC government adopted a series of austerity measures, mainly targeting the residential property market to stabilize property prices in China. For more information, see “Regulatory Overview – Measures on Stabilizing Property Prices.” These measures may, among other things, significantly reduce the transaction volume and sale prices of residential properties in China. Our business may also be affected by national policies relating to the development of third-and fourth-tier cities and the second-tier cities we may enter in the future. Various political, economic and social factors may lead to further adjustments and changes of such policies, including any limitation or restriction on property transactions, commercial or residential. We cannot assure you that national or local governments will not adopt additional or more stringent industry policies and measures in the future. If we fail to adapt our operations to new policies and measures that may come into effect from time to time with respect to the commercial real property industry, or if such policy changes disrupt our business or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

Our business is highly regulated and is subject to extensive PRC national and local laws and regulations.

Our business of developing and operating trade centers, including wholesale trading markets, shopping malls, commercial and exhibition centers, warehouses, office buildings and other commercial and residential properties, is extensively regulated in China. In order to develop and operate a trade center project, we must obtain various permits, licenses, certificates and other approvals from the relevant regulatory authorities at various stages of our project development process, including without limitation, land title documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of various conditions as set forth in PRC rules and regulations some of which can be interpreted with a significant degree of governmental discretion. We may not be able to fulfill the pre-conditions necessary to obtain required governmental approvals or adapt to new laws, regulations or policies that may come into effect from time to time with respect to the project development and commercial real estate

RISK FACTORS

industries in general. There may also be delays on the part of relevant regulatory bodies in reviewing our applications and granting approvals. We may also be subject to delays in our trade center development projects due to reasons beyond our control. If we are unable to obtain, or experience material delays in obtaining, the requisite governmental approvals, or if any building moratorium is implemented at one or more of our project sites, the development and sale of our projects could be substantially disrupted, which would result in a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure you that the implementation of laws and regulations by relevant authorities, or the interpretation or enforcement of such laws and regulations, will not cause us to incur additional costs or experience delays in our project development process which could have a material adverse effect on our business, financial condition and results of operations.

Our operating results are significantly affected by peaks and troughs in our property delivery schedule.

We expect our results of operations to continue to fluctuate significantly from period to period in the future. In addition, given that we primarily engage in the development of large-scale trade center projects, typically with a total GFA of more than 400,000 sq.m., such fluctuation may be even more significant compared to other property developers focusing on a larger number of projects but each with a smaller scale. We recognize proceeds from the sales of a property as revenue only upon the delivery of such property. Our revenue and profit during any given period reflects the quantity of properties delivered during that period and are significantly affected by any peaks or troughs in our property delivery schedule. For example, for the six months ended June 30, 2012 and 2013, our turnover amounted to RMB640.3 million and RMB189.8 million, respectively. For the six months ended June 30, 2012 and 2013, our net loss amounted to RMB88.5 million and RMB193.2 million, respectively. The decrease in turnover from the six months ended June 30, 2012 to 2013 and our net loss incurred in the six months ended June 30, 2013 was primarily due to a decrease in volume of property products delivered during the six months ended June 30, 2013, reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013.

Our operating results may not be indicative of the actual demand for our properties or the pre-sales or sales achieved during the relevant period. Our revenue and profit during any given period generally reflect decisions made by purchasers at some time in the past, typically during the period when the properties were pre-sold. As a result, our operating results for any period are not necessarily indicative of results that may be expected for any future period and will continue to fluctuate significantly from period to period.

We may not be able to obtain sites that are suitable for trade center development projects at commercially acceptable prices, or at all.

Land prices have increased significantly in the PRC in recent years, especially in third-and fourth-tier cities, and may continue to increase in the future. To grow our business in the future, we are required to continue to acquire suitable sites at reasonable cost. We generally seek to maintain a portfolio of land resources sufficient for future development

RISK FACTORS

projects for four to five years. 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 projects, 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 redevelopment. We cannot assure you that we will be able to identify and acquire sufficient and appropriate sites at reasonable prices, or at all, in the future. Any failure to identify and acquire sufficient and appropriate sites for our land reserves would result in uncertainties in our future development schedules, which in turn would have a material adverse effect on our future growth prospects, profitability and profit margins.

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

We enjoy certain favorable regulatory treatments, including government grants and preferential tax treatments, which are offered by local regulatory authorities of regions where we develop our trade center projects.

During the Track Record Period, we received significant amounts of government grants in connection with our trade center projects in Ningxiang, Jining, Yulin, Mianyang, Wuzhou and Ganzhou. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the total amount of government grants we received amounted to RMB85.6 million, RMB265.9 million, RMB586.9 million and RMB388.5 million, respectively, of which RMB5.4 million, RMB126.6 million, RMB285.2 million and RMB23.9 million have been credited to cost of sales during the same periods. See “Financial Information – Government Grants.” Government grants have historically contributed significantly to our profitability, reflected in lower cost of sales and resulting in higher gross profit margins yielded by our trade center projects, particularly those in Ningxiang, Jining and Yulin. The amounts of the grants also contributed to the significant fluctuation of our gross profit margins during the Track Record Period. The grants also enhanced our liquidity position, reflected in the increase in cash balances and cash equivalents and current liabilities after the receipt of grants. We expect to continue to receive government grants in the future with respect to our existing projects or new projects based on our negotiations with local regulatory authorities.

However, such government grants were offered on a case-by-case basis subject to our negotiation with relevant regulatory authorities. There is no assurance that we will be able to continue to secure opportunities in developing trade centers that are coupled with satisfactory government grants. In addition, although we believe that government grants are provided by

RISK FACTORS

local authorities in compliance with current policies, laws and regulations in China, we face uncertainty relating to the availability of government grants with respect to our current projects due to potential unexpected changes in PRC policies, laws and regulations. If we are unable to obtain or maintain government grants or any other similar favorable treatments for our existing or future projects, our ability to secure business opportunities and find proper land sites to develop trade centers as well as our ability to complete our existing trade center projects could be materially and adversely affected. We may not be able to continue to geographically expand into new regions and cities as we currently expect. Our gross margins may experience more significant fluctuations and we may experience decreases in profitability for our existing or future projects. As a result, our business, prospects, financial condition and results of operations may be materially and adversely affected.

In addition, in July 2013, our Ganzhou Logistics Park was approved to enjoy a preferential EIT rate of 15% for 2012 to 2020. During the Track Record Period and prior to such approval, the EIT of the Ganzhou Trade Center was assessed based on a general EIT rate of 25%. See “Financial Information – Description of Certain Income Statement Line Items – Income Tax Expenses.” However, such preferential tax treatment is legally required to be reviewed and reaffirmed on an annual basis by the local tax authority and there is no assurance that such preferential tax treatment will not be amended or revoked due to reasons beyond our control, including without limitation, any change in the relevant policy, laws and regulations in China or in the local region. As a result, we may not be able to realize the benefit of such preferential tax treatment as we currently expect, or at all.

We develop and operate trade centers in a limited number of cities in China, which are sensitive to changes in the regulatory and economic conditions of these geographical areas.

We develop and operate trade centers in a limited number of cities in China. We commenced the development of our first trade center in Ningxiang, Hunan province, and as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “Business – Our Trade Center Projects – Recent Development.” While we are actively pursuing business opportunities and expanding our geographic presence in third-and fourth-tier, and selected second-tier, cities in China, we expect that our business will continue to be focused on a few geographical areas in China in the near term. Any adverse developments in these local regions, including any decrease in the supply of land resources or demand for trade centers and related products in these areas, would have an adverse effect on our results of operations and financial condition.

We are also subject to the economic conditions of these areas. Any adverse developments in local economic conditions as measured by factors such as employment levels, job growth, consumer confidence, interest rates and population growth may reduce demand and depress prices for our trade centers and materially and adversely affect our financial condition and

RISK FACTORS

results of operations. The overall level of occupancy at our trade centers as well as the level of demand for our projects may also be significantly affected by the conditions in local markets, and market perceptions. We cannot assure you that customer demand for our trade centers will continue at historical levels or that we will be able to benefit from the future growth of our existing or future trade centers in these cities.

Our strategy of expanding into new geographical areas may not succeed.

As part of our growth strategy, we plan to expand our business into additional cities in China. We may also acquire existing projects if suitable opportunities arise. Our experience in designing, constructing and operating trade centers in cities where we have operations may not be applicable in other regions. We cannot assure you that we will be able to successfully leverage our experience to expand into other parts of China. When we enter into new markets, we may face intense competition from commercial or trade center operators with local industry experience or established operations and from other developers with similar expansion targets. In addition, expansion or acquisition requires a significant amount of capital resources, which may divert our available resources and the attention of our management from other matters. Our experience in developing trade centers in second-tier cities is still limited and we cannot guarantee that we can successfully replicate our business model in these new cities. We cannot assure you that we can anticipate and resolve all problems that may occur during our expansion and failure to do so may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to the concentration risks as we focus on developing a limited number of trade center projects.

We focus on developing a limited number of trade center projects based on our development schedule. Some of our development projects have an estimated GFA of more than 400,000 sq.m. We are exposed to higher concentration risks as our capital investments are typically committed to a small number of large-scale property development projects. We cannot provide any assurance that any of our existing or future large-scale developments 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 trade centers, any significant decrease in demand of our products at a trade center could have a material and adverse effect on our business, financial condition and results of operations. Furthermore, any decrease in demand could result in a less vibrant commercial environment at our trade center, which could further result in a decrease in sales volume or average sales price. Due to the amount of capital required and costs incurred or to be incurred in each development, our results of operations could be adversely affected if any of our existing or future large-scale property developments is unsuccessful. Any such negative development could have a material and adverse effect on our business, financial condition and results of operations.

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If we are unable to obtain the land-use rights for our additional properties planned for future development, we will not be able to develop these planned projects.

As of July 31, 2013, we had entered into master investment agreements with respect to our additional properties planned for future development for nine projects. See “Business – Our Trade Center Projects – Other Development Plans.” Pursuant to these master investment agreements, the municipal governments have identified land which is suitable for our development plans in these locations. However, the signing of the master investment agreements does not guarantee that we will obtain the land-use rights of the land identified. Such land needs to be granted through a public tender, auction and listing for sale process in accordance with PRC laws and regulations. We cannot assure you that the land administration authorities will grant us the appropriate land-use rights or issue the land-use rights certificates in a timely manner, or at all. Moreover, we cannot assure you that we will be successful in our bidding for the plots of land in the cities where we have additional properties planned for future development or that we will be able to obtain the land at a commercially reasonable price. If we are not successful in our bidding for the plots of land where our properties are planned or fail to obtain land-use rights for all or any portion of such land, we will not be able to develop such properties as planned.

We may be unable to complete our current trade center projects according to our budget or on schedule, or at all.

Development of commercial real estate projects, such as our trade centers, involves a complex process that lasts for a long period of time and contains many inherent risks that could prevent or delay the development from completion as originally planned. In particular, substantial capital expenditures are required prior to and during the construction period, and the project may take an extended period of time before generating positive cash flows through pre-sales or sales. In addition to regulatory risks, the development progress and cost and expense of a development project can be adversely affected by many other factors, including:

- relocation of existing residents and demolition of existing structures;
- timely construction by our construction contractors;
- shortages of materials, equipment, contractors and skilled labor;
- ability to obtain adequate financing;
- labor disputes and safety issues;
- natural catastrophes or adverse weather conditions; or
- economic downturn and deterioration in consumer sentiment in general.

Construction delays or failures to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors, or any other factors beyond our control, may significantly increase the working capital needed to finance the prolonged development process. Our sales schedule may as a result be materially delayed and we may not be able to adapt to changing market conditions. In addition, we may be subject to liabilities arising from such delays. Any such adverse development could adversely affect our financial condition and results of operations and may also adversely affect our reputation in the industry. There is no guarantee that we will not experience material delays in completing or delivering our projects.

RISK FACTORS

We may not be able to obtain adequate financing on commercially acceptable terms or at all to complete properties under development or properties planned for future development.

Property development is a capital-intensive business. We have historically financed, and expect to continue to finance, our property projects primarily through proceeds from pre-sales and sales, capital contributions from our Shareholders and investors and borrowings from financial institutions. Our ability to procure adequate financing for land acquisition and property development depends on a number of factors beyond our control, including PRC regulatory control over property developers' ability to incur indebtedness onshore or offshore.

In recent years, the PRC government has adopted various measures to regulate, and to strengthen the enforcement of regulations relating to, lending practices in the property industry. For example, commercial banks and trust companies in China are prohibited by the CBRC from extending loans, including entrustment loans, to property projects that have not obtained property land titles or other key development approvals. Trust companies in China are prohibited by the CBRC from extending loans to property developers that have not obtained a Class Two qualification certificate issued by construction authorities. Commercial banks in China are currently prohibited by the CBRC and the PBOC from extending loans to property developers to pay land premiums. The CBRC has issued guidelines that generally require at least 30% of the total investment in a property project to be financed by the developer's own capital. In addition, restrictions on extensions of loans have been adopted with respect to property developers and development properties with past non-compliance with property laws and regulations, such as those relating to idle lands, prescribed land-use, construction commencement or completion dates or property hoarding.

In addition, the PBOC has also taken measures to reduce liquidity in the market to cool down the property development sector in China. For example, the PBOC gradually increased the Renminbi deposit reserve ratio from 15% to 21% between 2010 and 2011 to address the inflation issue in China and to reduce the liquidity in the market. In addition, the PBOC gradually increased the benchmark one-year bank lending rate from 5.31% by the end of 2008 to 6.56% in July 2011, although the rate was decreased to 6.00% in 2012.

These PRC government actions and policy initiatives could further limit our ability and flexibility to use bank loans to finance our property projects. We cannot assure you that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration or that our business, financial condition and results of operations will not be materially and adversely affected as a result of such and other government actions and policy initiatives.

We may not be able to successfully manage our growth.

We have been rapidly expanding our operations in recent years and aim to continue to grow our business and expand our operation scale. As we continue to grow, we intend to continuously improve our managerial, technical and operational platform. For example, we may need to improve our information technology system from time to time, and we will need

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to hire and train a large number of skilled employees that can manage new project companies we establish with each new trade center project. In order to fund our ongoing operations and our future growth, we also need to have sufficient sources of working capital or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, contractors, service providers, suppliers and lenders. We also intend to further strengthen our internal control and compliance functions in order to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, operational difficulties at new locations or difficulties in replicating our business model and hiring or training new project company management or additional employees. Neither can we assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations or future prospects.

We had negative net operating cash flow for the years ended December 31, 2011 and 2012.

We recorded negative net cash flow from operating activities of RMB420.5 million and RMB1,087.6 million in the years ended December 31, 2011 and 2012, respectively. Our negative net cash flow from operating activities was primarily attributable to the long-term and capital-intensive nature of property development, as well as our continued business expansion and increase in investment in properties under development. Our cash flow generated from operating activities in the six months ended June 30, 2013 was RMB1,879.1 million, primarily reflecting the significant amount of proceeds received from the pre-sale of properties in Ganzhou and Mianyang. We have historically financed, and expect to continue to finance, our property projects primarily through proceeds from pre-sales and sales, capital contributions from our Shareholders and investors and borrowings from financial institutions. For further information, please refer to the section headed “Financial Information – Liquidity and Capital Resources.” As a result of our significant and rapid growth in the scale of development activities and business operations, there is no assurance that we will be able to continue to generate positive operating cash flow in the near future. Negative operating cash flow requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to develop our projects as planned. As a result, our business, financial condition and results of operations may be materially adversely affected.

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

Under PRC laws and regulations, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premiums and other fees, the specified use of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty, or reclaim our land. Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land premiums by the stipulated deadline, we may be subject to a late payment penalty at the rate of 0.1% of the unpaid land premium per day. If we fail to fully pay the land premiums within 60 days after the land grant contract becomes effective, the assignor is

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entitled to terminate the land grant contract and claim for indemnities. Furthermore, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the land authorities may serve a decision on levy of idle land fee on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years, the land is subject to forfeiture unless the delay in development is caused by government actions or by force majeure. Moreover, even if we commence development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the area of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

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

We face competition from other commercial property developers in China for land and customers.

The commercial property industry in China, in particular the trade center development industry, is highly competitive. We face competition from other trade center developers and operators in China at a national level and in local markets where we develop and operate our trade centers. See “Business – Competition.” Some of our competitors in China may have a longer history of operations and more financial resources and operational experience. Competition between trade center developers is intense and may result in, among other things, increased costs for the acquisition of land for development, a decrease in the rate at which new development properties will be approved or reviewed by the government authorities, and difficulty in obtaining high quality land sites for trade center development. Furthermore, prospective customers may consider our competitors’ trade center products to be superior. As a result, we may lose potential customers who may purchase or lease our competitors’ products. We may also have difficulty selling, leasing or renewing the lease of our properties, or be forced to reduce our sale prices or rents or incur additional costs in order to make our properties more attractive than those of our competitors. If we are unable to compete effectively and consistently, our market share and business prospects may decline, which could materially and adversely affect our business, reputation, financial condition and results of operations.

We face risks related to the pre-sale of properties.

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of

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properties and may use pre-sale proceeds only to finance the development project where the pre-sold properties are located. There is no guarantee that the PRC national or local government will not adopt any limitation, restriction or abolishment of the pre-sale practice in the commercial or residential property industry. Any such measure will adversely affect our cash flow position and require us to seek alternative sources of funding for much of our property development business.

In addition, the pre-sale of our properties carries certain risks. For example, we may fail to complete a fully or partially pre-sold property development, in which case we may be liable to purchasers for losses suffered by them. We cannot assure you that these losses will not exceed any deposits that may have been made in respect of the pre-sold properties. Furthermore, if a pre-sold property is not delivered on time, the purchaser may be entitled to damages. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the property sale and purchase contract, the purchaser may terminate the property sale and purchase contract, reclaim the payment and claim damages. During the Track Record Period, we were not involved in any legal dispute or claim in this regard.

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

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, we provide guarantees of the mortgage loans which are used by our customers to purchase our properties to commercial banks in the PRC. According to market practice, PRC banks require that we guarantee these mortgage loans until the property ownership certificates are issued and the mortgage is duly registered, which generally takes place three to six months after we deliver the properties to the purchasers. See “Business – Property Sales and Leases – Property Sales.” If a purchaser defaults on the mortgage loan prior to the release of our guarantee obligations, we may have to repay the mortgage loan. In line with industry practice, we do not conduct any independent credit checks on our customers and generally rely on the credit checks conducted by the mortgagee banks.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding guarantees in respect of the mortgage loans of our customers amounted to RMB45.4 million, RMB308.8 million, RMB475.0 million and RMB562.3 million, respectively. During the Track Record Period, we have not encountered defaults by purchasers that, in aggregate, had a material adverse effect on our financial condition and results of operations. However, there is no assurance that we will not be subject to guarantee-related risks. Should any material default occur or if we are called upon to honor our guarantee obligations, our business, reputation, financial condition and results of operations could be materially and adversely affected.

We may be unable to obtain, extend or renew qualification certificates for real estate development.

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,

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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 sales backlog may not be indicative of our future results of operations.

In this prospectus, we present the sales backlog, which represents the portion of the contract value of property products subject to property sales contracts entered into as of certain date the associated revenue of which had not been recognized as of the same date. However, this amount is based on the assumption that the relevant contracts will be performed in full in accordance with their terms. Our sales contracts provide for termination rights that our customers or we may exercise in limited events. See “Business – Property Sales and Leases – Property Sales.” While we have not experienced any material termination of sales contracts during the Track Record Period and up to the Latest Practicable Date, we cannot assure you that we will not be subject to any material termination of sales contracts in the future which would have a material and adverse effect on our sales backlog. There also can be no assurance that our property products will be completed without any delay or defect due to reasons beyond our control. Additionally, we cannot guarantee that our sales backlog will be realized as revenue on a timely basis, or at all, or that, even if realized, will result in profits. As a result, investors are cautioned not to rely on our sales backlog information presented in this prospectus as an indicator of our future earnings.

We are subject to certain risks associated with debt financing which may limit or otherwise adversely affect our operations.

We maintain a certain level of borrowings to finance our operations. As at December 31, 2010, 2011 and 2012 and June 30, 2013, our total outstanding bank loans and other borrowings amounted to RMB30.0 million, RMB103.0 million, RMB749.0 million and RMB796.9 million, respectively. In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development. We may also utilize proceeds from additional offshore debt financing to acquire land resources.

Our indebtedness could have an adverse effect on us, for example by: (i) increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; (ii) requiring us to dedicate a significant portion of our

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cash flow from operations to fund the payments for debt principal and accrued interest, thereby reducing the availability of our cash flow for other uses; (iii) limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate; (iv) limiting our ability to raise additional debt or equity capital in the future or increasing the cost of such funding; and (v) restricting us from making strategic acquisitions or taking advantage of business opportunities. In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our or our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell or transfer property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by then prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future loan and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our financial condition, results of operations, cash flow and cash available for distributions to Shareholders may be materially and adversely affected.

Our financing costs may be affected by changes in interest rates in China and abroad.

Our financing costs and, consequently, our results of operations, are affected by changes in interest rates in China and abroad. We expect that our borrowings, whether with fixed or floating interest rates or incurred at an onshore or offshore level, may be affected by certain benchmark lending rates used by our lenders, particularly the benchmark rates published by the PBOC for onshore borrowings in China. We cannot assure you that the PBOC will not further raise lending rates or guarantee that our business, financial condition and results of operations will not be adversely affected as a result of these adjustments. Our interest expenses on bank loans and other borrowings for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 were RMB3.2 million, RMB5.3 million, RMB61.9 million, RMB10.5 million and RMB74.7 million, respectively. Any further increases in the interest rates of our bank borrowings, including as a result of interest rate increases by the PBOC or other issuers of benchmark interest rates, could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Under the *Measures for Administration of Sale of Commodity Properties* (商品房銷售管理辦法), all property development companies in the PRC must provide certain quality warranties for the properties they sell. 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 development projects. 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 held 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.

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

During the Track Record Period, we did not designate any investment property and all of our development properties were held for sale. We plan to retain a portion of our properties for recurring rental income in the later stages of our development, and some of such properties may be designated as properties held for investment purposes. In general, investment in properties is relatively illiquid compared with other forms of investment. Economic conditions may change that could force us to consider disposing of some or all of our investment properties. Our ability, however, to sell any of our investment properties in response to changing economic, financial and investment conditions on a timely basis, or at all, is limited. In particular, there is a limited trading market or platform for investment properties in cities where we operate, which are primarily third-and fourth-tier cities and selected second-tier cities. Furthermore, we cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, or at all. We cannot predict the length of time needed to find a purchaser and to complete the sales of a property we currently hold or plan to hold for investment purposes. Moreover, should we decide to sell a property subject to tenancy agreements, we will have to obtain consent from, or pay termination fees to, our tenants.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to increased competition, decreased demand, age, appearance or other factors. The conversion of investment properties to alternative uses generally requires substantial capital expenditures. We may be required to expend funds on maintenance or improvements before a property may be sold, and we may not have sufficient funds for such purposes. Such factors may impede our ability to respond to adverse changes in the performance of our investment properties, adversely affect our ability to retain tenants, and materially and adversely affect our business, financial condition and results of operations.

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Furthermore, we are required to reassess the fair value of any investment properties we may hold. Gains or losses arising from changes in the fair value of any such investment properties will be reflected in our results of operations in the period in which they arise. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit.

We may be adversely affected by the performance of third-party service providers, such as construction contractors and design firms and increases in the service charges or prices of construction materials and equipment.

We employ third-party service providers to carry out various tasks, such as project planning, design and construction work. We select third-party service providers based on their reputation, quality of work and prior dealings with us. See “Business – Our Development Process – Project Construction.” We endeavor to employ companies with good reputations, credibility and sufficient financial resources, but we cannot guarantee that any such third-party contractor will provide satisfactory services at the required level of quality. Moreover, the completion of our property developments may be delayed and we may incur additional costs due to a service provider’s financial or operational difficulties. Our third-party service providers may undertake significant projects from other developers or otherwise engage in highly-demanding undertakings or otherwise encounter financial or resource constraints, which may cause significant delays in the completion of our property projects, affect the quality of our projects, or increase our project development costs and risks. The services rendered by any of these service providers may not always be satisfactory or match our quality requirements. In addition, these service providers may significantly increase their service fees. Any of these factors could have a negative impact on our business, reputation, financial condition and results of operations.

In addition, our third-party contractors are generally responsible for our construction materials and equipment procurement with the exception of certain equipment that we centrally procure at a group level. Our engagement with these construction companies typically provides for price adjustment in the event of significant fluctuation in construction materials and equipment prices. In addition, any general increase in construction materials and equipment prices could result in a generally higher level of construction company fees to be borne by us. Therefore, increases in the price of construction materials and equipment could be passed on to us directly or indirectly. Any such increase could have an adverse effect on our results of operations, financial condition and business prospects.

We have limited insurance to cover our potential losses and claims.

Our current insurance may not be sufficient to cover potential losses or claims in the future. We do not carry insurance against all potential losses or damages with respect to our properties under development other than those buildings over which our lending banks have security interests and for which we are required to maintain insurance coverage under the loan agreements with those lending banks. In addition, we do not maintain insurance coverage

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against liability arising from personal injuries or other tortious acts related to construction work at our trade center projects as such liabilities are generally borne by construction companies. However, we cannot assure you that we would not be sued or held liable for damages due to any such personal injuries and other tortious acts. Moreover, our business may be adversely affected due to the occurrence of natural disasters and other unanticipated catastrophic events, with respect to which we do not carry any insurance. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient financial resources to fully cover such losses, damages or liabilities or to replace any property development that has been destroyed, and may lose all or a portion of our invested capital in the affected properties and anticipated future income from such properties. Any such material uninsured loss could have a material adverse effect on our business, financial condition and results of operations.

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

In accordance with the provisions of the LAT Regulation, all persons including companies and individuals that receive income from the sale or transfer of state-owned 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. In addition, certain of our subsidiaries were subject to a LAT calculated based on 1.5% – 8% of their revenue in accordance with the authorized tax valuation method approved by local tax authorities. As permitted by PRC laws, we have been prepaying LAT with reference to our pre-sale proceeds. We recorded LAT expenses of RMB4.2 million, RMB45.5 million, RMB60.9 million, RMB17.6 million and RMB11.3 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, 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.

Potential liability for environmental issues could result in substantial costs.

We are subject to a variety of environmental laws and regulations during the construction of our development projects. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in project delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally sensitive regions or areas. In addition, we cannot predict the impact that unforeseeable environmental contingencies or new or changed laws or regulations may have on us or our trade center projects.

As required by PRC law, independent environmental consultants have conducted environmental impact assessments at all of our construction projects. Although the environmental investigations conducted to date have not revealed any environmental liability that would be expected to have a material adverse effect on our business, financial condition

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or results of operations, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. Upon completion of each project, the environmental authorities will inspect the site to ensure compliance with all applicable environmental standards. If any portion of the project is found to be non-compliant with environmental standards, we will be required to suspend certain of our operations, and may be fined, either of which could materially and adversely affect our business, financial condition and results of operations.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders will, upon the completion of the Capitalization Issue and the Global Offering, beneficially own approximately 59.0% of our outstanding share capital, assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised. As such, our Controlling Shareholders will have substantial control over our business. By virtue of their ownership of our share capital as well as their positions on our Board, they will be able to exert significant influence over our business and other matters of significance to us and other Shareholders by voting at general meetings of our Shareholders or our Board meetings, including:

- election of our Directors;
- selection of senior management members;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- amendments to our Articles of Association.

The interests of our Controlling Shareholders may differ from the interests of other Shareholders, and they are free to exercise their votes according to their own interests. For example, our Controlling Shareholders may choose to cause our business to pursue strategic objectives that conflict with our other Shareholders' interests. In the event that the interests of our Controlling Shareholders conflict with those of other Shareholders, our other Shareholders may be disadvantaged as a result.

Our success depends on the continuing efforts of our senior management team and other key personnel.

Our future success depends heavily upon the continuing services of the members of our senior management team, in particular Mr. Wong Chohing, who has extensive experience in the trade center development industry. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, our ability to expand depends on our being able to attract skilled management-level employees on the project

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company level. Competition for senior management and key personnel is intense and the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. In addition, if any such person or any other key personnel of the Company carries on any activities competing with us, we may lose customers, key professionals and staff members and our legal remedies against such persons may be limited.

The appraisal value of our properties may be different from the actual realizable value and is subject to change.

The appraisal value of our properties as contained in the Property Valuation Report is based on multiple assumptions containing elements of subjectivity and uncertainty. Therefore, the appraised values of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property projects as well as national and local economic conditions may affect the value of our properties. These assumptions include (i) that we will complete development projects on time; (ii) that we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects; and (iii) that we have paid all the land premiums and obtained all land-use rights certificates and transferable land-use rights without any payment obligation of additional land premiums. As for properties which we do not wholly own, their appraisal values are allocated to us according to our pro rata ownership in the project companies.

The costs of the Pre-IPO Share Option Scheme will adversely affect our results of operations and any exercise of the options granted may result in a dilution of our Shareholders' shareholdings.

For the purpose of recognizing the contribution of certain senior management and employees of our Group and persons who have made past contributions to the development of our Group and as an incentive for the future performance of senior management and employees of our Group, we adopted the Pre-IPO Share Option Scheme. See "Appendix V Statutory and General Information – D. Pre-IPO Share Option Scheme."

Based on the valuation carried out by our Company's valuer, the fair value of the share options granted under the Pre-IPO Share Option Scheme is estimated to be approximately RMB18.5 million. The fair value of such Pre-IPO Share Scheme options will be amortized over a vesting period of two to five years. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, we have recognized expenses of nil, RMB0.5 million, RMB6.1 million, RMB2.8 million and RMB3.1 million in connection with the awards made under the Pre-IPO Share Option Scheme. We expect to continue to recognize expenses in connection with awards made under the Pre-IPO Share Option Scheme.

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The issue of Shares on any exercise of the Pre-IPO share options in the future would result in a reduction in the percentage ownership of the Shareholders in our Company and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issuance.

The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing.

On May 23, 2007, MOFCOM and SAFE issued the *Notice on Further Strengthening and Regulating the Approval and Administration of Foreign Direct Investments in the Real Estate Industry* (關於進一步加強、規範外商直接投資房地產產業審批和監管的通知) (“Notice No. 50”). On April 28, 2013, SAFE issued the *Measures for the Administration of Foreign Debt Registration* (外債登記管理辦法) (“Notice No. 19”). Notice No. 50 and Notice No. 19 stipulate, among other things, (i) that SAFE will no longer process foreign debt registrations and applications for the purchase of foreign exchange submitted by foreign-invested real estate enterprises (including newly established enterprises and enterprises with increased registered capital) which obtained approval certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or amendments of such registrations) or applications for the sale and purchase of foreign exchange submitted by foreign-invested real estate enterprises which obtained approval certificates from the commerce departments of local governments but which had not registered with MOFCOM. These regulations restrict the ability of foreign-invested property development companies to raise funds offshore by structuring the funds as a shareholder loan to the property development companies in the PRC. Instead, such companies have to structure the funds from offshore as an equity investment and obtain the funds through an increase of their registered capital or the establishment of new foreign-invested property development companies.

On June 18, 2008, MOFCOM issued the *Circular on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry* (商務部關於做好外商投資房地產產業備案工作的通知), under which MOFCOM has delegated its verification power regarding the filing of foreign investment in real estate to the provincial authorities under MOFCOM. Pursuant to the requirements in the above circulars, we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our operations, engage in new real estate project developments or operations, or increase the registered capital of our subsidiaries or associated project companies in the PRC in the future. Substantially all of our net proceeds from the Global Offering will need to be initially used to increase the registered capital of, or acquire additional equity interests in, our existing foreign-invested subsidiaries in the PRC, to establish new foreign-invested subsidiaries in the PRC or acquire business or companies from third parties. In addition, we may raise additional capital offshore after the completion of the Global Offering. As advised by our PRC legal advisors, the repatriation of funds by any such means is subject to filing requirements. As a result, we must file with the relevant examination and approval authorities and wait until such filings are completed before we may repatriate such proceeds into the PRC. There can be no assurance that such filings will be completed on a timely basis, or that we will receive the approvals we request, which may

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delay or prevent us from using such proceeds for our intended purposes. In addition, if the PRC government issues policies or regulations that aim at further regulating or restricting overseas investment in the PRC real estate industry and if these policies or regulations have a direct application to our business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

China's economic, political and social conditions could have a material adverse effect on our business, financial condition and results of operations.

All of our revenue during the Track Record Period was derived from our operations in China. We anticipate that China will remain our primary market in the foreseeable future. Should there be any adverse change in China's economy or political and social conditions, including its GDP or domestic consumption growth, our business, prospects, financial condition and results of operations could be materially and adversely affected.

The PRC economy differs from most developed economies in many respects, including a higher level of government involvement, the on-going development of a market-oriented economy, a rapid growth rate, a higher level of control over capital flows and foreign exchange, and less efficient allocation of resources. While the PRC economy has experienced significant growth since the late 1970s, the growth has been uneven, both geographically and among sectors of the economy. The PRC government has implemented various measures to encourage economic growth and to guide the allocation of resources. These measures are intended to benefit the overall PRC economy, but may nevertheless put us at a disadvantage. For example, our business, financial condition and results of operations may be adversely affected by PRC government control over land supply, capital investments and tax regulations that are applicable to us. We cannot predict whether changes in the PRC political, economic and social conditions or laws, regulations and policies will have any adverse impact on our current or future business, prospects, financial condition and results of operations.

The PRC economy has been in transition from a centrally-planned economy to a more market-oriented economy. The PRC government continues to play a significant role in regulating industrial development by imposing industrial policies and various directives. The PRC government also exercises significant control over China's economy through allocating resources, restricting capital flow and foreign exchange, setting monetary and fiscal policies, and providing government grants and other preferential treatment to particular industries and companies. As we conduct substantially all of our business operations in China, our financial condition and results of operations have been and are expected to continue to be affected by the economic, political and social conditions in China.

The PRC legal system contains inherent uncertainties that could negatively impact our business, and the current PRC legal environment could limit the legal protections available to you.

Our business and operations are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing

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with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government authorities, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

As our Shareholder, you hold an indirect interest in our operations in China. Our operations in China are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company law and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions.

The PRC government's control of currency conversion may limit our ability to utilize our cash effectively.

The Renminbi cannot be freely converted into any other foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. We cannot assure you that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved by or registered in advance with SAFE. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy other foreign exchange requirements. If we are unable to obtain the relevant approvals or complete such registrations, our capital expenditure plans and, consequently, our ability to grow our business, could be adversely affected. Moreover, changes in PRC foreign exchange regulations may materially and adversely affect our ability to transfer funds to, and receive dividends from, our PRC subsidiaries.

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The exchange rates of the Renminbi against foreign currencies are affected by, among other things, changes in the PRC's political and economic conditions. To the extent that we need to convert Hong Kong dollars we will receive from our initial public offering into Renminbi for our operations, appreciation of Renminbi against the Hong Kong dollar would reduce the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would reduce the Hong Kong dollar amount available to us.

It may be difficult to effect service of process upon, or to enforce against, us or our Directors or members of our senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

Substantially all of our assets and our subsidiaries are located in China. In addition, most of our Directors and senior management reside within China, and the assets of our Directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of our Directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions is uncertain.

Previous macroeconomic measures taken by the PRC government to manage economic growth could have adverse economic consequences, and recent fiscal stimulus measures may not be successful in offsetting a decline in the rate of economic growth in the PRC.

In previous years, the PRC government had periodically taken measures to slow economic growth to a more manageable level, in response to concerns about China's historical high growth rate in industrial production, bank credit, fixed investment and money supply. These measures have included macroeconomic measures to control perceived overinvestment in the real property market. More recently, along with a decline in economic growth worldwide, the rate of growth of the PRC economy has slowed. In 2012, China's real GDP grew by a rate of an estimated 7.8% as compared to a rate of 9.2% in 2011 and 10.8% in 2010. In response to the current global economic downturn, and a resulting slowdown in the PRC economy, the PRC government has adopted increasingly flexible macroeconomic policies, including an announced fiscal stimulus package, aimed at offsetting the slowdown brought by the financial crisis. These policies include measures specifically designed to encourage development of the domestic property market, which represents a reversal of policies implemented since 2003 designed to tighten control on the real property market. However, we cannot assure you that the PRC government's fiscal stimulus package will be successful in offsetting the slowdown resulting from the current economic downturn and deterioration in the global credit markets, or that restrictive measures already in place will not adversely affect our business.

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Under the EIT Law, we and our non-PRC subsidiaries may be classified as “resident enterprises” of China and such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, if an enterprise incorporated outside the PRC has its “de facto management organization” located within the PRC, then such an enterprise would be regarded as a “resident enterprise.” Because substantially all members of our management are located in the PRC and are expected to continue to be located in the PRC, we and our non-PRC subsidiaries may be treated as “resident enterprises” and a number of unfavorable PRC tax consequences could follow. For instance, we may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that any income from non-PRC sources, such as interest on offering proceeds, would be subject to PRC enterprise income tax at a rate of 25%. Although the EIT Law provides that dividend income between “qualified resident enterprises” is exempted, it is not clear whether dividends we receive from our subsidiaries, including our offshore subsidiaries, would be eligible for such exemption if we were considered to be a PRC resident enterprise. In addition, if we are treated as a PRC “resident enterprise” under PRC law, dividends we pay on our Shares to non-PRC shareholders, and capital gains realized by such shareholders on the sale of our Shares, may be treated as PRC-source income. Accordingly, we may be required to withhold PRC income tax from dividends paid to non-PRC resident shareholders, and transfers of Shares by such shareholders may be subject to PRC income tax. Such tax on the income of non-resident enterprise shareholders would be imposed at a rate of 10% (and may be imposed at a rate of 20% in the case of non-resident individual shareholders), subject to the provisions of any applicable tax treaty. If we are required to withhold PRC income tax on dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of the Shares, the value of your investment in our Shares may be materially and adversely affected.

Dividends paid to our Hong Kong subsidiary might not qualify for the reduced PRC withholding tax rate under the special arrangement between Hong Kong and the PRC.

Under the EIT Law, the profits of a foreign-invested enterprise that are distributed to its immediate holding company outside the PRC are subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and the PRC, this rate is lowered to 5% if a Hong Kong resident enterprise owns more than 25% of the PRC company distributing the dividends. However, according to the *Circular of the State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises Regarding Favorable Treatment Under Taxation Treaties* (國家稅務總局關於印發《非居民享受稅收協定待遇管理辦法(試行)》的通知), which was issued by the State Administration of Taxation and became effective on October 1, 2009, the 5% withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation agreements or treaties. Moreover, according to the *Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements* (國家稅務總局關於執行稅收協定股息條款有關問題的通知) issued by the State Administration of Taxation in February 2009, if the

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main purpose of an offshore arrangement is to obtain preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. There is no assurance that the PRC tax authorities will grant approvals on the 5% withholding tax rate on dividends paid by our PRC subsidiaries and received by our subsidiaries in Hong Kong.

We face uncertainty with respect to tax effects on indirect transfers of equity interests in PRC subsidiaries through their non-PRC holding companies.

Pursuant to the *Notice on Strengthening the Administration of Enterprise Income Tax on Income From Transfers of Equity Interests by Non-resident Enterprises* (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), or Circular 698, issued by the SAT on December 10, 2009 with retroactive effect from January 1, 2008, and Public Notice [2011] No. 24 (國家稅務總局公告2011年第24號) issued by the SAT on March 28, 2011, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly through disposing of the equity interests of an overseas holding company, or an indirect transfer, and the (i) actual tax imposed on the capital gain from the equity transfer is lower than 12.5%, or (ii) the jurisdiction in which the overseas holding company is established excludes foreign-sourced capital gain income, the foreign investor shall report this indirect transfer to the competent tax authority of the PRC resident enterprise. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of avoiding PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of 10%. However, there is still uncertainty as to the application of Circular 698. After the Listing, we may engage in indirect transfers based on our operating needs and such transaction may be subject to tax obligations under Circular 698. Our business, financial condition and results of operations may be materially and adversely affected as a result.

PRC regulation of loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds we receive from this offering to make loans or additional capital contributions to our PRC subsidiaries.

Any capital contributions or loans, if any, that we, as an offshore entity, make to our PRC subsidiaries that are foreign-invested enterprises, including the proceeds of the Global Offering, are subject to PRC regulations. Foreign investors or foreign-invested enterprises in the PRC must apply to SAFE or local SAFE departments for foreign loan registration certificates and foreign exchange settlements in order to provide shareholder loans to foreign-invested enterprises in the PRC or use the proceeds derived from the direct investment by offshore holding companies. The aggregate amount of any foreign loans must not exceed the level prescribed by SAFE. The recipient of a foreign loan must submit the foreign loan registration certificate to open and maintain a special foreign exchange account with the PBOC or another SAFE approved bank, and may then repay the foreign loan with its own foreign exchange funds or by purchasing foreign exchange with Renminbi upon receiving SAFE approval. There can be no assurance that we will be able to obtain these approvals on a timely

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basis, or at all. If we fail to obtain such approvals, our ability to capitalize the relevant PRC subsidiaries or fund our operations or utilize the proceeds of the Global Offering in the manner described in the section entitled “Future Plans and Use of Proceeds” may be negatively affected, which could materially and adversely affect the liquidity of our relevant PRC subsidiaries or our business, financial condition, results of operations and growth prospects.

Our ability to pay dividends and utilize cash resources in our subsidiaries depends on our subsidiaries’ earnings and distributions.

We are a holding company. Our revenue is generated from our business operations conducted through our subsidiaries. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our subsidiaries incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from our subsidiaries, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. In addition, our future declaration of dividends will be at the absolute discretion of our Board.

Furthermore, applicable PRC laws and regulations permit payment of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year to their respective reserve funds in accordance with the requirements of relevant PRC laws and regulations as well as provisions in their respective articles of associations. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net income to us either in the form of dividends, loans or advances. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends or otherwise fund and conduct our business.

Distributions by our PRC subsidiaries to us in forms other than dividends may be subject to government approval and taxes. Any transfer of funds from us to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration with or approval from the relevant PRC government authorities. In addition, our PRC subsidiaries are not permitted to lend funds directly to each other under PRC law. These limitations on the flow of funds between and amongst us and our PRC subsidiaries could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiaries.

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

The *Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents* (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (“SAFE Circular No. 75”) was promulgated by SAFE on October 21, 2005 and became effective on November 1, 2005. SAFE Circular No. 75 requires PRC residents with direct or indirect offshore investments via overseas special purpose vehicles to file a Registration Form of Overseas Investments Contributed by Domestic Individual Residents and register with SAFE, and to update SAFE’s records in the event of any major change, including without limitation, increases or decreases of capital, share transfers, share swaps, mergers or divisions.

As of the Latest Practicable Date, all beneficial owners of our Shares that are PRC residents and their respective overseas special purpose vehicles were duly registered with the SAFE Jiangxi Branch. Due to the uncertainty concerning the reconciliation of the notices with other approval requirements, it remains unclear how the SAFE Circular and any future legislation concerning offshore 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.

All employee participants in our Pre-IPO Share Option Schemes who are PRC citizens may be required to register with the SAFE, and we face regulatory uncertainties that could restrict our ability to adopt option plans for our directors and employees under PRC law.

The *Implementation Rules of the Administrative Measures for Individual Foreign Exchange* (個人外匯管理辦法實施細則) promulgated by SAFE on January 5, 2007 which became effective on February 1, 2007, requires PRC individuals who are granted shares or share options pursuant to an employee share option or share incentive plan by an overseas-listed company, to register with SAFE or a local SAFE department. In February 2012, SAFE promulgated the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies* (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知(匯發[2012]7號)), (the “Share Option Rules”), which replaced the *Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Ownership Plans or Share Option Plans of Overseas Publicly-Listed Companies* (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程(匯綜發[2007]78號)) issued by SAFE in March 2007. Under these rules, PRC residents who

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participate in share incentive plans in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures as required by the authorities. Participants of a share incentive plan who are PRC residents shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding shares or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the share incentive plan if there is any material change to the share incentive plan, change in the PRC agent or the overseas entrusted institution or any other material changes.

We and our PRC resident employees participating in the Pre-IPO Share Option Scheme may be subject to the Share Option Rules after the Global Offering. Failure to comply with the Share Option Rules and other relevant rules might subject us or our PRC resident employees participating in the Pre-IPO Share Option Scheme to fines and other legal or administrative sanctions and impose restrictions on our execution of the Pre-IPO Share Option Scheme, which could negatively affect our business operations.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our Shares may not develop, which could have a material and adverse effect on our Share price and on your ability to sell your Shares.

Prior to the Global Offering, there has been no public market for the Shares. The initial public offering price range per Share was the result of negotiations among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to list and trade the Shares on the Stock Exchange. However, a listing on the Stock Exchange does not guarantee that an active, liquid public trading market for the Shares will develop following the Global Offering or in the future. If an active public market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected. Investors may not be able to resell their Shares at or above the Offer Price or at all.

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

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

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

Sales of our Shares in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline. Upon completion of the Capitalization Issue and the Global Offering, we will have 4,018,000,000 Shares outstanding, or 4,215,558,000 Shares outstanding if the Joint Global Coordinators (on behalf of the International Underwriters) exercise their Over-allotment Option and if all options granted under the Pre-IPO Share Option Scheme are exercised in full. Holders of our Shares, including holders of share options, will be able to sell their Shares upon the expiration of certain lock-up periods. Please see the section of this prospectus titled “Underwriting.” We cannot predict what effect, if any, market sales of securities held by our significant Shareholders or any other Shareholders or the availability of these securities for future sale will have on the market price of our Shares.

Because our Offer Price is substantially higher than our pro forma net tangible book value per Share, you will incur immediate and substantial dilution.

The offer price range of our Shares is substantially higher than our net tangible book value per share immediately prior the completion of the Global Offering. Therefore, investors in our Shares in the Global Offering will experience an immediate and substantial dilution in pro forma net tangible book value. Our existing Shareholders will, however, receive an increase in pro forma net tangible book value per Share with respect to their shareholdings. In addition, if we issue additional Shares or equity-linked securities in the future, you may experience further dilution.

Certain facts and statistics contained in this prospectus should not be unduly relied upon.

Facts, forecasts and other statistics contained in the section headed “Industry Overview” are derived from various official government publications and a report prepared by Savills that we commissioned. We believe that the sources of such information are appropriate and we have taken reasonable care in the extraction and reproduction of 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. None of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors or advisors or any other persons or parties involved in the Global Offering have independently verified such information directly or indirectly derived from official government publications, industry association data or the industry report prepared by Savills, or make any representation as to the accuracy of such information or statistics. Furthermore, there can be no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Accordingly, the official and non-official sources contained in this prospectus may not be accurate and should not be unduly relied upon.

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You may experience difficulties in enforcing your shareholder rights because we are incorporated in the Cayman Islands, and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong and other jurisdictions.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our memorandum and articles of association, the Cayman Companies Law and the 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 other jurisdictions. This may mean that the remedies available to the Company's minority shareholders may be different from those they would have under the laws of other jurisdictions. See "Cayman Islands Company Law" in Appendix IV.

We cannot guarantee that we will pay dividends.

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

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to our current expectations and views of future events and are, by their nature, subject to significant risks and uncertainties. These forward-looking statements are contained principally in the sections entitled “Summary,” “Risk Factors,” “Future Plans and Use of Proceeds,” “Industry Overview,” “Business” and “Financial Information.” These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “likely,” “may,” “plan,” “potential,” “seek,” “will,” “would” and negative of these terms and other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business strategies;
- future developments, trends and competition in real estate industry in the PRC;
- projects under development or planned for future development;
- our strategy, business plans, objectives and goals;
- our ability to meet the changing needs of our customers;
- our ability to enter into new geographic markets and expand our operations;
- our expected results of operations, financial conditions and capital expenditure plans;
- our dividend distribution plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices, volumes, margins, risk management and overall market trends and conditions;
- general economic, political and business conditions in the PRC; and
- changes to regulatory and operating conditions in the markets in which we operate.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in the section entitled “Risk Factors.”

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our executive Directors, Mr. Wong Choihing and Mr. Huang Dehong, do not ordinarily reside in Hong Kong. Both of them will spend the majority of their time looking after our Company's principal business and operations in the PRC. We also consider that our Group's management is best able to attend to their duties and functions by being based in the PRC. As such, our Company does not, and will not for the foreseeable future, have sufficient management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules, and the following arrangements have been made for maintaining regular and effective communication with the Stock Exchange:

- (a) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives who have been appointed are Mr. Wong Choihing (the chairman and executive Director of our Company) and Ms. Mok, Mun Lan Linda (the company secretary of our Company). Our authorized representatives will be readily contactable by the Stock Exchange and can meet with the Stock Exchange on reasonable notice. Their contact details (including office, facsimile and mobile phone numbers, email addresses and residential addresses) have been provided to the Stock Exchange.
- (b) We have retained the services of a compliance adviser, Guotai Junan International, in compliance with Rule 3A.19 of the Listing Rules. Guotai Junan International will, in addition to the Company's authorized representatives, act as an additional channel of communication of the Company with the Stock Exchange and be available to answer enquiries from the Stock Exchange.
- (c) Each of our Directors has provided their respective contact details (including office, facsimile and mobile phone numbers, and email addresses) to the authorized representatives and the Stock Exchange. Our authorized representatives have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. Each of our Directors either possesses, or can apply for, valid travel documents to visit Hong Kong in order to meet with the Stock Exchange within a reasonable period upon the Stock Exchange's request.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving our information to the public. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Our Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global 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 Hong Kong 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 Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

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

No action has been taken in any jurisdiction other than Hong Kong to permit an 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. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering as mentioned herein, the shares to be issued upon conversion of the Preferred Shares into Shares as mentioned herein, and any Shares to be issued pursuant to the exercise of the Over-Allotment Option and exercise of any options granted under the Pre-IPO Share Option Scheme. None of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and the 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 Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the 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. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, 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 or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Dealings in our Shares registered on our share register kept in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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:

HK\$1: RMB0.7966

HK\$7.7560: US\$1

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

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Wong Choihing (王再興)	Flat C, 57th Floor Block 2, Sorrento No. 1 Austin Road West Kowloon Hong Kong	Chinese
Huang Dehong (黃德宏)	Room 1002, Block B No. 7 Building, Xilongwan Region N23 Bao'an Central Zone Bao'an District Shenzhen PRC	Chinese
<i>Non-executive Directors</i>		
Yuan Bing (袁兵)	Flat B, 31/F Block 2, The Hermitage Mongkok Kowloon Hong Kong	Chinese
<i>Independent Non-executive Directors</i>		
Yang Xianzu (楊賢足)	Room 401, Gate 2 No.4 Building No.1 Courtyard Cuihua Street Xicheng District Beijing, PRC	Chinese
Wang Lianzhou (王連洲)	No.4, Qian Hongjing Hutong Xicheng District Beijing, PRC	Chinese
Lam, Chi Yuen Nelson (林智遠)	Flat C, 16/F No. 7 Humbert Street Mei Foo Sun Chuen Kowloon Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

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

Joint Sponsors

UBS Securities Hong Kong Limited
42/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

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

Joint Bookrunners

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

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

ABCI Capital Limited
Room 701, 7/F
One Pacific Place
88 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

CIMB Securities Limited
Units 7706-08
Level 77 International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

ICBC International Capital Limited
37/F ICBC Tower
3 Garden Road
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Joint Lead Managers

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

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

ABCI Securities Company Limited
Room 701, 7/F
One Pacific Place
88 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

CIMB Securities Limited
Units 7706-08
Level 77 International Commerce Centre
1 Austin Road West
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Hong Kong

China Merchants Securities (HK) Co., Limited
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Hong Kong

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Legal Advisers to our Company

As to Hong Kong law and United States law:
Kirkland and Ellis
26th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:
Global Law Office, Shenzhen Office
1501-1502, Tower 1
Excellence Century Center
Fuhua 3 Road
Shenzhen
China

As to Cayman Islands Law:
Maples and Calder
53rd Floor, The Centre
99 Queen's Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to the Underwriters

As to Hong Kong law and United States law:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

As to PRC Law:
Jun He Law Offices, Shanghai Office
Shanghai Kerry Centre, 32nd Floor
1515 Nanjing Road West, Shanghai 200040
China

Reporting Accountants

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Property Valuer

Savills Valuation and Professional Services
Limited
23/F Two Exchange Square
8 Connaught Place
Central
Hong Kong

Industry Consultant

Savills Real Estate Valuation (Beijing)
Company Limited
2101, East Tower, Twin Tower
B-12 Jianguomenwai Avenue
Chaoyang District
Beijing
China

Receiving Banks

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Wing Lung Bank Limited
45 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered Office	PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Headquarters	30/F Block A East Pacific International Center 7888 Shennan Boulevard Futian District Shenzhen PRC
Principal Place of Business in Hong Kong	Unit 802 Tower 2, Lippo Centre 89 Queensway Hong Kong
Company's Website	www.hydoo.com.cn (The information contained in the website does not form a part of this prospectus.)
Company Secretary	Ms. Mok, Mun Lan Linda
Authorized Representatives	Mr. Wong Choihing Flat C, 57 Floor Block 2, Sorrento No. 1 Austin Road West Kowloon Hong Kong Ms. Mok, Mun Lan Linda 21C Hong Pak Mansion Parkvale, Quarry Bay Hong Kong
Members of the Audit committee	Mr. Lam, Chi Yuen Nelson (<i>Chairman</i>) Mr. Yuan Bing Mr. Yang Xianzu
Members of the Remuneration Committee	Mr. Wang Lianzhou (<i>Chairman</i>) Mr. Wong Choihing Mr. Lam, Chi Yuen Nelson

CORPORATE INFORMATION

Members of the Nomination Committee	Mr. Yang Xianzu (<i>Chairman</i>) Mr. Wong Choihing Mr. Wang Lianzhou
Compliance Adviser	Guotai Junan Capital Limited 27th Floor Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Cayman Islands Principal Share Registrar	Maples Fund Services (Cayman) Limited PO Box 1093 Boundary Hall, Cricket Square Grand Cayman KY1-1102 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bankers	Industrial and Commercial Bank of China Limited Mianyang Youxian Branch No. 22, Dongjin Avenue Youxian District Mianyang City Sichuan Province PRC China Merchants Bank Ganzhou Changzheng Avenue Branch No. 17, Changzheng Avenue Zhanggong District Ganzhou City Jiangxi Province PRC

CORPORATE INFORMATION

Bank of Ganzhou
Development Zone Branch
Jinling Road
Ganzhou Development Zone
Jiangxi Province
PRC

Bank of China
Shenzhen Donghai Branch
Block A
East Pacific International Center
Futian District
Shenzhen Province
PRC

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by Savills in connection with the Global Offering (the “Savills Report”). We believe that the sources of such information are appropriate 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 our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other party involved in the Global Offering or their respective directors, affiliates or advisers and no representation as to the correctness, accuracy and completeness of such information is made by any such party. Certain information and statistics included, including those excerpted from official and government publications and sources in China, may not be consistent with other information and statistics compiled within or outside China by third parties.

OVERVIEW OF THE PRC ECONOMY

Overall Economic Growth

China has experienced significant economic growth over the last several decades. From 2007 to 2012, China’s nominal GDP increased at a CAGR of 11.8%, making it one of the fastest growing major economies in the world. In February 2011, China overtook Japan to become the world’s second largest economy.

From 2007 to 2012, retail sales in China grew at a CAGR of 15.4%, with retail sales rising to RMB21.0 trillion in 2012 as household disposable income grew and the Chinese economy increasingly focused on raising domestic consumption in order to reduce its reliance on exports. Per capita annual disposable income of urban households across China grew at a CAGR of 10.1% during the same period.

INDUSTRY OVERVIEW

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

	2007	2008	2009	2010	2011	2012	CAGR 07-12
Nominal GDP (RMB trillion)	26.6	31.4	34.1	40.2	47.3	51.9	11.8%
Real GDP Growth Rate	14.6%	9.8%	8.9%	10.8%	9.2%	7.7% ^(Note)	N/A
Per Capita GDP (RMB)	20,169	23,708	25,608	30,015	35,181	N/A	N/A
Per Capita Annual Disposable Income of Urban Households (RMB) .	13,786	15,781	17,175	19,109	21,810	24,565	10.1%
Fixed Asset Investment (RMB trillion).	13.7	17.3	22.5	25.2	31.1	37.5	18.3%
Real Estate Investment (RMB trillion).	2.5	3.1	3.6	4.8	6.2	7.2	19.3%
Retail Sales (RMB trillion) . .	8.9	11.5	13.3	15.7	18.4	21.0	15.4%

Source: China Statistics Bureau 2012 Statistical Year Book, National Bureau of Statistics.

Note: This figure is as revised by the National Bureau of Statistics in September 2013.

Economic Growth By City Tier

Chinese cities vary greatly in size, economic output, level of wealth and overall structure. In order to best capture the trends in China's macro-economy, it is meaningful to break down Chinese cities into tiers based on each city's relative economic development. While the "tier" concept is frequently used in China, there is no generally-accepted list of second-through fourth-tier cities. The following table sets forth the criteria Savills applied in assigning cities into tiers in the Savills Report:

Tier	No. of Cities	Criteria
1	4	Cities specified by the Ministry of Construction, including Beijing, Shanghai, Shenzhen, and Guangzhou
2	32	- Not a first-tier city - One of China's 36 major cities as defined by the National Statistics Bureau, which are either provincial capitals, direct-controlled municipalities or among the six other major cities designated as "municipalities with independent planning" (計劃單列市) by the PRC State Council
3	112	- Not a first-or second-tier city - A city at prefecture level or above - Had a functional airport at the end of 2012
4	140	All other prefecture level cities

Source: Savills

INDUSTRY OVERVIEW

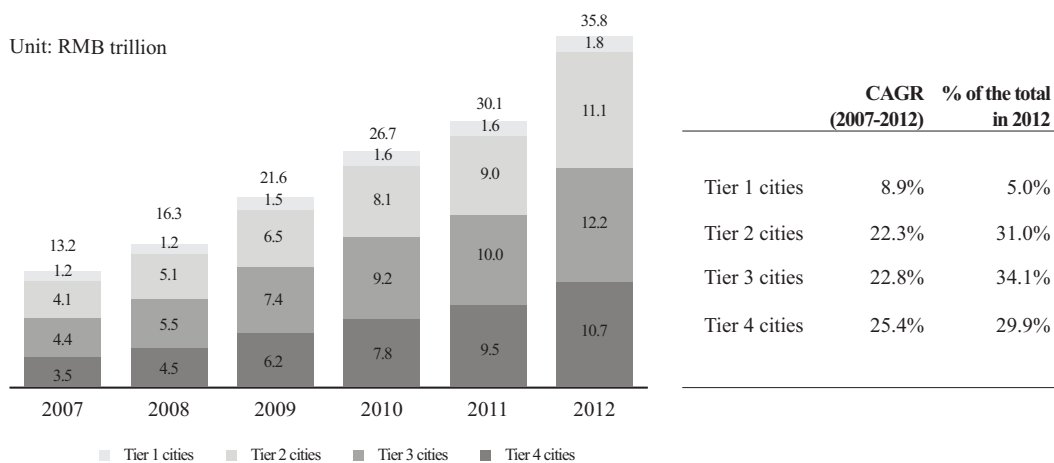
The following figures compare the GDP, fixed asset investment and retail sales of first-through fourth-tier cities for the periods indicated based on data from China's Cities Yearbook. The division of cities into first-through fourth-tiers in the following figures is based on Savills' methodology. According to Savills, certain data for cities that are below prefecture-level in provinces such as Ningxia, Qinghai, Tibet and Xinjiang are not categorized by Savills, and is not analyzed and reflected in the following figures. In addition, the aggregate sums of these figures from first through fourth-tier cities may slightly differ from the national total figures reported by the National Bureau of Statistics. As noted by Savills, these discrepancies are due to the use of different sets of raw data and statistical methodologies by provincial and national statistics bureaus in estimating and reporting certain data points. For figures such as GDP separately recorded by cities or provinces, certain components of GDP data may be double-counted which results in discrepancies that cannot be reconciled.

Nominal GDP by city tiers



Source: Savills

Fixed Asset Investment by City Tiers

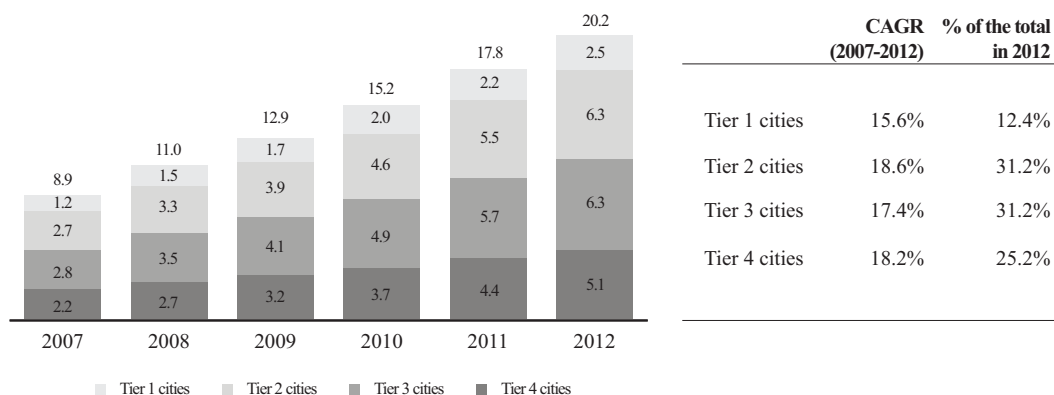


Source: Savills

INDUSTRY OVERVIEW

Retail Sales by City Tiers

Unit: RMB trillion

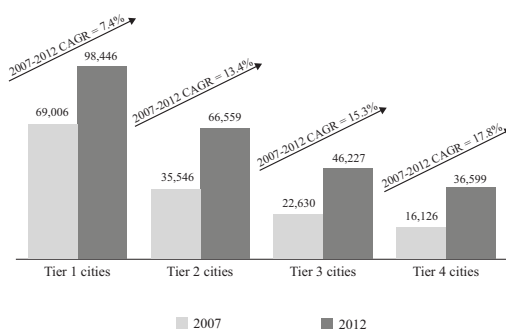


Source: Savills

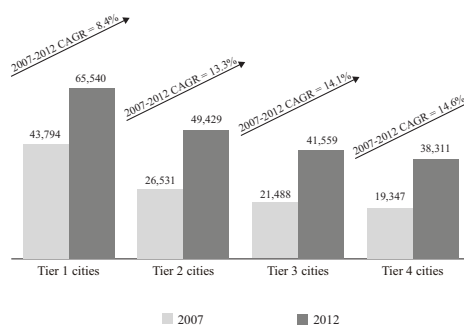
As shown in the figures above, all city tiers experienced strong growth in GDP, fixed asset investment and retail sales from 2007 to 2012. Second-tier cities experienced the strongest GDP and retail sales growth of 17.5% and 18.6% respectively in CAGR from 2007 to 2012 as compared to other tier cities, while third-and fourth-tier cities have the most rapid growth in fixed asset investments, with CAGRs ranging from 22.8% to 25.4% from 2007 to 2012.

The following figures set forth the per-capita GDP and average salary data of first-through fourth-tier cities for the periods indicated.

Per-Capita GDP by City Tiers



Average Salary of Employed Persons by City Tiers



Source: Savills

Per-capita GDP and average salary have also grown steadily across all city tiers from 2007 to 2012. The growth in third- and fourth-tier cities has been especially rapid. For example, per-capita GDP grew at CAGRs of greater than 15% in third- and fourth-tier cities compared to a CAGR of 7.4% in first-tier cities from 2007 to 2012. Average salary in third- and fourth-tier cities have also been

INDUSTRY OVERVIEW

growing rapidly, reducing to some degree the wage disparity among city tiers. For example, in 2012, salaries in fourth-tier cities were 58.5% of those in the first-tier cities, whereas in 2007, salaries in fourth-tier cities were 44.2% of those in first-tier cities.

Urbanization

Strong economic growth has encouraged the rapid expansion of cities in China and an acceleration in rural-to-urban migration. As a result, the urbanization rate¹ in China has increased significantly from 37.7% in 2001 to 52.6% in 2012. However, in 2011 the urbanization rate in third- and fourth-tier cities was below 48%, suggesting significant urbanization potential in these cities. The urbanization of these cities will require a more streamlined flow of goods, the creation of efficient wholesale networks and a significant increase in domestic consumption.

COMMERCIAL REAL ESTATE MARKET IN CHINA

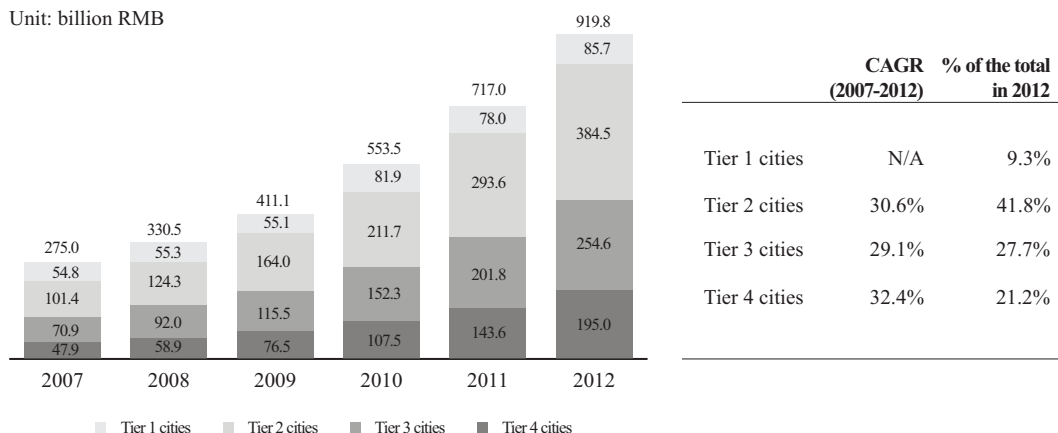
In recent years, demand for commercial properties in China has significantly increased due to continued economic growth. According to the National Bureau of Statistics, between 2007 and 2012 commercial real estate investment grew at a CAGR of 27.3%; the GFA of commercial real estate projects under construction grew at a CAGR of 20.1%; the GFA of new commercial real estate projects completed grew at a CAGR of 10.9%; the GFA of commercial real estate sold grew at a CAGR of 10.8% and the average selling price of commercial real estate properties grew at a CAGR of 9.3%.

Commercial Real Estate Investment

On a national scale, investment in commercial real estate has undergone robust annual growth since 2007.

Total Investment

Unit: billion RMB



	CAGR (2007-2012)	% of the total in 2012
Tier 1 cities	N/A	9.3%
Tier 2 cities	30.6%	41.8%
Tier 3 cities	29.1%	27.7%
Tier 4 cities	32.4%	21.2%

Source: Savills

¹ Urbanization rate is equal to the proportion of urban population (城镇人口) to the total population as calculated by the National Bureau of Statistics. Urban population refers to the persons residing in an urban area with urban household registrations as well as holders of rural household registrations who work in cities and towns with non-agricultural jobs.

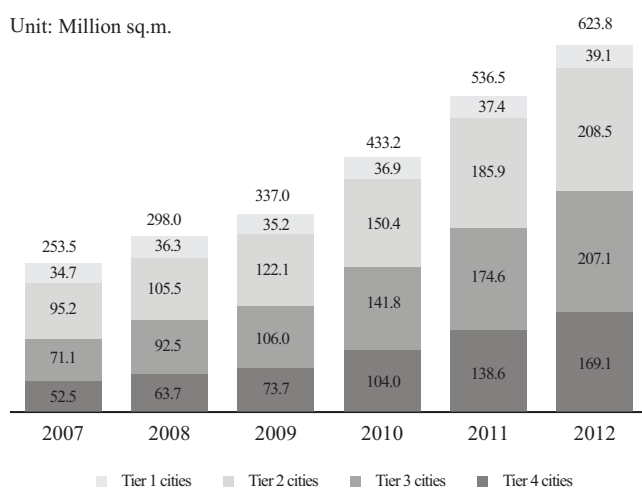
INDUSTRY OVERVIEW

Commercial Real Estate Under Construction and Completed

Since 2007 China as a whole has witnessed strong annual growth in both commercial real estate under construction and commercial real estate completed with the strongest growth coming from third- and fourth-tier cities. Third- and fourth-tier cities' collective share of the national total of commercial real estate under construction has grown from 48.8% in 2007 to 60.4% as of December 2012.

GFA Under Construction

Unit: Million sq.m.

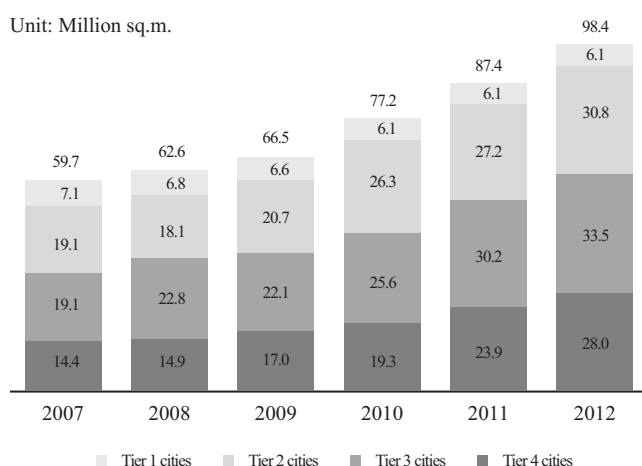


	CAGR (2007-2012)	% of the total in 2012
Tier 1 cities	N/A	6.2%
Tier 2 cities	17.0%	33.4%
Tier 3 cities	23.8%	33.2%
Tier 4 cities	26.4%	27.2%

Source: Savills

GFA Completed

Unit: Million sq.m.



	CAGR (2007-2012)	% of the total in 2012
Tier 1 cities	N/A	6.2%
Tier 2 cities	N/A	31.3%
Tier 3 cities	N/A	34.0%
Tier 4 cities	14.1%	28.4%

Source: Savills

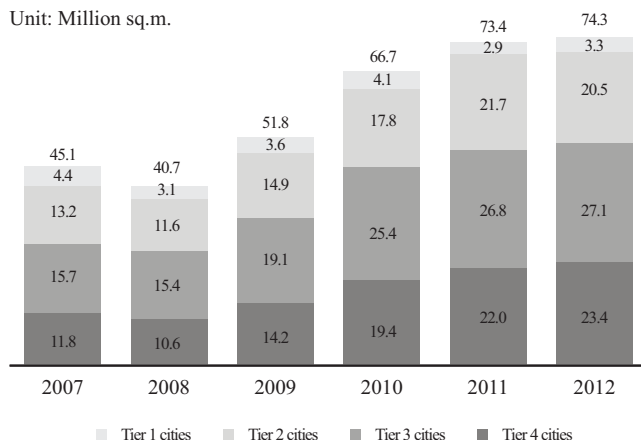
INDUSTRY OVERVIEW

Commercial Real Estate Sold

Between 2007 and 2012, GFA of commercial real estate sold in third- and fourth-tier cities grew by 72.6% and 98.3%, respectively. In 2012, third- and fourth-tier cities collectively accounted for 68.0% of all GFA sold during the year.

GFA Sold

Unit: Million sq.m.



	CAGR (2007-2012)	% of the total in 2012
Tier 1 cities	N/A	4.4%
Tier 2 cities	N/A	27.6%
Tier 3 cities	N/A	36.5%
Tier 4 cities	N/A	31.5%

Source: Savills

Average Selling Price of Commercial Real Estate

Since 2007, commercial real estate across all city tiers has enjoyed steady price appreciation. Between 2007 and 2012, the average selling prices in third- and fourth-tier cities grew at CAGRs of 10.8% and 10.8% respectively, which roughly equaled the CAGRs in first- and second-tier cities during the same period. In 2012, the average selling price of commercial real estate in first tier cities was RMB18,650 per sq.m. compared to RMB11,831 in second tier cities, RMB8,004 in third tier cities and RMB6,793 in fourth tier cities.

INDUSTRY OVERVIEW

TRADE CENTER MARKET IN CHINA

Overview

Trade centers are assembly markets where a large number of merchants or traders systematically congregate to display and sell their goods.

According to Savills, the trade center market in China developed rapidly between 2000 and 2011. During this period, the total floor area of trade centers has more than tripled and gross merchant sales has more than quintupled. The following table sets forth key performance metrics of the trade centers in China that had annual merchant sales in excess of RMB100 million for the periods indicated.

	2008	2009	2010	2011	CAGR 08-11
Number of Trade Centers	4,567	4,687	4,940	5,075	3.6%
Number of Stalls (millions)	2.8	3.0	3.2	3.3	5.6%
Occupancy Rate ¹	89.5%	89.7%	90.0%	91.1%	N/A
Gross Floor Area (million sq.m.) ²	212.3	232.3	248.3	262.3	7.3%
Average Trade Center GFA (sq.m.)	46,486	49,563	50,263	51,685	3.6%
Gross Annual Merchant Sales (RMB billion)	5,245.8	5,796.4	7,270.3	8,201.7	16.1%
– Wholesale trade	4,312.0	4,830.8	6,095.5	6,939.1	17.2%
– Retail Sales	933.8	965.6	1,174.9	1,262.6	10.6%
Average Trade Center Merchant Sales (RMB million)	1,149	1,237	1,472	1,616	12.0%

Sources: Statistical Yearbook of China Commodity Exchange Market

- 1 Occupancy Rate is obtained by dividing the number of non-vacant stalls at year end by the total number of stalls at year end.
- 2 Gross Floor Area refers to the aggregate area of stalls (including area for storage or warehouse purposes) within a trade center.

As seen from the table above, between 2008 and 2011, gross annual merchant sales increased at a CAGR of 16.1%. In addition, larger trade centers have formed over time, as evidenced by gross floor area growing faster than the total number of trade centers.

Over the past several years, China's growing demand for consumer durables and non-durables, as well as construction materials and other industrial products, has supported the growth of the trade center industry.

INDUSTRY OVERVIEW

Trade Center Characteristics and Classification

According to the National Statistics Bureau of China, there were over 80,000 trade centers in China at the end of 2011. The trade center industry in China is highly fragmented in terms of types and sizes of trade centers. Trade centers can be categorized as “integrated”² or “specialized” depending on the types of products sold. Many trade centers are small in scale and specialize in the sale of only a single type of goods such as agricultural products, textiles, hardware, building materials and ceramics.

Categorization of trade centers based on products sold

The 2012 Statistical Yearbook of China’s Commodity Exchange Markets makes a distinction between “integrated” and “specialized” trade centers. Specialized trade centers accounted for 73.0% and 80.4% of the market in terms of total number of trade centers and total annual merchant sales, respectively, in 2011. During 2008 to 2011, the total annual merchant sales in integrated and specialized trade centers experienced similar CAGRs of 16.2% and 16.0%, respectively.

The following table sets forth the sales performance of trade centers by type and by selected product group from 2008 to 2011.

	2008	2009	2010	2011	CAGR 08-11
	(in RMB billion, except for number of trade centers)				
No. of Integrated Trade Centers	1,248	1,280	1,341	1,368	3.1%
Total Annual Merchant Sales	1,025.5	1,174.1	1,479.4	1,610.3	16.2%
No. of Specialized Trade Centers	3,319	3,407	3,599	3,707	3.8%
Total Annual Merchant Sales	4,220.3	4,622.3	5,790.9	6,591.4	16.0%
Breakdown of merchant sales by types of goods sold:					
Building Materials	141.1	154.9	175.6	152.9	N/A
Food, Beverage, Tobacco and Liquor	119.7	118.4	132.2	150.4	N/A
Textiles, Clothing, and Shoes	772.7	852.5	926.3	1,079.7	11.8%
Articles for Daily Use and Cultural Goods	77.4	86.9	117.0	119.1	15.4%
Consumer Electronics, Communication Equipment, and Other Electrical Equipment	87.5	101.2	119.0	128.1	13.5%
Furniture, Hardware, and Other Home Decorating Materials	250.0	310.9	396.1	450.0	21.6%
Automotive Parts	57.0	68.5	77.3	89.7	16.3%
Other Merchant Sales	2,714.9	2,929.0	3,847.4	4,421.5	17.7%

Source: Statistical Yearbook of China Commodity Market Exchange

² Integrated trade centers are trade centers where different categories of products (industrial, agricultural and consumer) are sold. Specialized trade centers are categorized according to the twelve product groups classified by the National Bureau of Statistics or, in case more than one product group is sold, where 60% or more of total merchant sales comes from a particular product group.

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Categorization of trade centers based on GFA

Trade centers can be divided into small-, medium- and large-scale based on their total GFA. Savills defines small-scale trade centers as those trade centers that are smaller than 50,000 sq.m. in terms of total GFA. Medium-scale trade centers are smaller than 400,000 sq.m. but larger than 50,000 sq.m. Large-scale trade centers have total GFA greater than 400,000 sq.m.

According to statistics from the National Statistics Bureau, the average GFA of integrated trade centers in the PRC with annual sales exceeding RMB100 million (“Major Trade Centers”) was 51,685 sq.m. in 2011. According to Savills, there were 5,075 Major Trade Centers in 2011, a small percentage of which had GFAs of over 400,000 sq.m. As advised by Savills, among the top 100 Major Trade Centers, there were 42 consumer product-oriented trade centers, 7 trade centers focused on industrial materials and equipment, and the remaining 51 were focused on agricultural products. The GFAs of the 42 consumer product-oriented Major Trade Centers ranged from 42,000 sq.m. to 4,700,000 sq.m., and the average GFA of these trade centers was 460,531 sq.m. (or 319,341 sq.m. if three trade centers with GFAs over 1,000,000 sq.m. are excluded from such average GFA calculation).

Competitive Landscape

The trade center industry is highly competitive and fragmented. The majority of trade center developers are local players with limited operating scale and track records, reflecting the unique historical development of the trade center industry in China. The earliest developers and operators who entered this market in China were predominately entities affiliated with local governments. They mostly focused on developing a limited number of projects, mostly small in scale, in the local region. Over time, these markets gradually formed market clusters that subsequently fell under the administration, and sometimes the operation, of local governments. However, operators of these trade centers generally do not build new trade centers in additional cities or different regions. As a result, very few developers in the trade center development industry in China have either regional or national reach. Currently there are a small number of established trade center developers that build multiple large-scale trade centers in diverse regions across China.

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The table below sets forth the ranking of trade center developers, as of July 31, 2013, based on the total number and uncompleted GFA of large-scale trade centers.

Rank	Name of developer and operator	Number of large-scale integrated trade centers	Number of large-scale specialized trade centers	Total number of large-scale trade centers	Uncompleted GFA of large-scale integrated trade centers ¹ (million sq.m.)	Uncompleted GFA of large-scale specialized trade centers ¹ (million sq.m.)	Total Uncompleted GFA of large-scale trade centers ¹ (million sq.m.)
1	China South City Holdings Limited (華南城) ⁽²⁾	7	–	7	18.3	–	18.3
2	Hydoo (毅德控股)	6	–	6	6.7	–	6.7
3	Wuzhou International (五洲國際)	–	5	5	–	2.8	2.8
4	China Metro-Rural Holdings Limited (中國新城農村控股有限公司)	3	–	3	5.7	–	5.7
	The Northern Investment Group Co, Ltd (北方泓泰投資集團)	1	2	3	1.0	2.7	3.7
	Yifeng Group (上海億豐企業集團)	2	1	3	0.9	1.1	2.0
	Magnate Group (美吉特集團)	–	2	2	–	1.9	1.9
8	Gaoli Group (高力集團)	–	1	1	–	8.0	8.0
9	Yun Nan Zhong Hao Real Estate (雲南中豪置業有限責任公司)	1	–	1	4.7	–	4.7
	Zhejiang Lecheng Group (浙江樂城集團)	1	–	1	3.6	–	3.6
	Zall Development Group Co., Ltd. (卓爾發展集團有限公司)	1	–	1	2.7	–	2.7
	Guijiahui (廣西桂嘉匯房地產集團公司)	1	–	1	1.0	–	1.0
	Nanxiang Wanshang (Wuhu) International Trade Mart (南翔萬商 (蕪湖)國際商貿城)	1	–	1	0.5	–	0.5
	Haining China Leather Market (中國海寧皮革城)	–	1	1	–	0.3	0.3

Source: Publicly available records including offering circulars and financial reports.

- 1 Including GFA in projects that are either fully or partially under construction as of July 31, 2013, or are planned to commence construction within six months of July 31, 2013, in each case with land-use rights or regarding which we have entered into land grant contracts with PRC authorities.
- 2 Including projects that are jointly developed by more than one developer (figures are for total GFA and total number of projects and are not divided on a pro-rata basis.)

Barriers to entry are relatively high for large-scale trade centers and competition is increasingly intense in China. Developers and operators now compete on a number of factors, including among other things, brand and reputation, development expertise, product quality, occupancy rate and local commercial environment, ability to acquire quality land and obtain favorable regulatory support, funding and financing and access to international capital markets.

Regulatory Policy and Industry Trends

The PRC government plays an active role in shaping China's economic environment. In addition to a RMB4 trillion stimulus program in 2009, the PRC government launched a series of initiatives to stimulate domestic consumption especially in lower-tier cities.

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In March 2011, the China National People's Congress approved a new national economic and social development strategy for the years 2011 to 2015 (the "Twelfth Five-Year Plan"). The Twelfth Five-Year Plan provides that one way to increase domestic consumption is by "actively yet steadily accelerating urbanization."³ The focus of the government's urbanization efforts is on small- and mid-sized cities.⁴ The government's focus on the promotion of urbanization was first mentioned in China's Tenth Five-Year Plan more than a decade ago and since that time, first- and second-tier cities in China have developed rapidly and contributed to the overall economic growth in China.

The PRC government has also stated its plan to promote integrated wholesale trading markets as well as large-scale trade and logistics enterprises.⁵ The Twelfth Five-Year Plan states that the government will support "wholesale markets and logistics facilities" in order to "improve the available network of services in rural areas."⁶

In addition to being supported on the national level, trade centers have also been actively supported by a number of local governments that typically require these projects to be able to increase consumption levels, promote local commerce, upgrade city scale and infrastructure, provide job opportunities and foster sustainable economic growth. Limited by the existing commercial infrastructures within their cities that tend to be inefficient or obsolete, local governments are seeking experienced and reputable developers who can create large-scale and transformative trade center projects. As a result, it is a common practice for local governments to provide monetary support, in the form of government subsidies or otherwise, to trade center developers in China. Such government grants are provided by local governments as they exercise their spending power as part of their administrative authority to further the objectives set out in the Twelfth Five-Year Plan. In particular, the local governments are authorized to exercise their spending power and provide government grants based on the Budget Law of the PRC and its implementing rules.

In providing grants to our projects, we believe local governments generally consider, among other things, the scale of the proposed trade center projects, the potential benefits that the proposed trade center will bring to the local economies and the management team's experience in developing trade center projects. Various trade center projects and developers, including Zall Development Group Limited and China Metro-rural Holdings Limited, have received government grants for developing trade centers in the relevant regions.

According to Savills, in addition to strong government support, other factors will likely drive the future growth of trade centers including a rise in consumer spending, the preferences of prospective unit purchasers and the growth of third- and fourth-tier cities. From 2005 to

³ See "Chapter 4: Policy Direction" in the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015). See also "Chapter 20: Active and Steady Promotion of Urbanization"

⁴ See "Section 1: Forming a strategic urbanization layout" in "Chapter 20: Active and Steady Promotion of Urbanization" in the Twelfth Five-Year Plan.

⁵ See "Section 1: Promoting the development of commercial and trading services industry" in "Chapter 16: Vigorous Development of Service Industry" in the Twelfth Five-Year Plan. This section further provides that the government would support large-scale business and logistics enterprises with "significant potential to compete globally."

⁶ *Ibid.*

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2011, total consumer spending increased by 73.5% due to rising wages. This rise in consumer spending has increased the demand for the type of wholesale market space that our trade centers provide. At the same time, customer demand for large-scale trade center units has increased due to increasing regional trade and the perception that these trade centers reduce operating costs and provide greater business opportunities. For example, large-scale trade centers often contain warehouses or other logistics facilities that can streamline customers' business operations. In addition, large-scale trade centers are more likely than small-scale trade centers to offer units for sale, rather than for rent, which allows merchants to enjoy the asset appreciation of their purchased properties. Finally, third- and fourth-tier cities present the most upside for potential returns due to the relatively faster economic growth in those cities and the potential to attract customers from not only the city in which a trade center is built, but from smaller satellite cities in the region, according to Savills.

Our Directors believe that the trade center industry will benefit from the above-mentioned factors, including strong government support, a rise in consumer spending and customer preferences for our products. They expect that these factors will have a significant impact in third- and fourth-tier cities where we focus our operations. Our Directors anticipate that the growth in the trade center market will be manifested by an increased number of trade centers that collectively generate higher gross annual merchant sales. Our Directors further believe that we are well-positioned to take advantage of these growth trends due to our competitive strengths in operating in the industry. See "Business – Our Competitive Strengths."

MARKET FOCUS

Analysis of Cities in Which We Conduct Our Business

The following information relates to the cities in which the Company is developing trade centers.

Ningxiang

Ningxiang is a county of Changsha, the capital of Hunan province. As at the end of 2012, Ningxiang had a permanent population of 1.4 million. Between 2007 and 2012, Ningxiang's nominal GDP grew at a CAGR of 23.5%, its retail sales grew at a CAGR of 14.1% and fixed asset investment grew at a CAGR of 22.4%.

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The following table sets forth current major trade centers and planned new projects in Ningxiang in the coming three years. Of these projects, the Ningxiang Trade Center will be the largest trade center in Ningxiang when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Ningxiang Trade Center (寧鄉商貿物流中心)	1,300	1,200	N/A	Hydoo (毅德控股)	Integrated
Hunan Xiang Zhong Nan Steel Materials Logistic Center (湖南湘中南鋼材物流園)	315	360	Phase I: 2013	Hunan Xiang Zhong Nan Steel Goods Logistics Company (湖南湘中南鋼材物流股 份有限公司)	Specialized

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

Jining

Jining is a prefecture-level city in southwestern Shandong province having a total population of 8.5 million as at the end of 2012. Jining is one of the three major industrial bases in Shandong province. Between 2007 and 2012, Jining's nominal GDP grew at a CAGR of 10.7%, its retail sales grew at a CAGR of 14.0% and fixed asset investment grew at a CAGR of 19.2%.

The following table sets forth current major trade centers and planned new projects in Jining in the coming three years. Of these projects, the Jining Trade Center will be the largest trade center in Jining when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion/ Expected Completion Date	Developer	Type
Jining Trade Center (濟寧商貿物流中心)	2,000	3,000	N/A	Hydoo (毅德控股)	Integrated
Mei Heng Guo Ji Qi Che Bo Lan Cheng (美恒國際汽車博覽城)	1,240	2,160	2012	Shan Dong Mei Heng Group (山東美恒集團)	Specialized
Yifeng Time Square (濟寧億豐時代廣場)	200	600	2012	Shanghai Yifeng Group (上海億豐集團)	Specialized

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

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Yulin

Yulin is a prefectural-level and the fourth largest city in Guangxi, located along the border with Guangdong province. According to the Yulin Statistical Bureau, at the end of 2012 the city had a permanent population of 5.6 million. Between 2007 and 2012, Yulin's nominal GDP grew at a CAGR of 14.2%, its retail sales grew at a CAGR of 15.5% and fixed asset investment grew at a CAGR of 27.7%.

The following table sets forth current major trade centers and planned new projects in Yulin in the coming three years. Of these projects, the Yulin Trade Center will be the largest trade center in Yulin when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Yulin Trade Center (玉林商貿物流中心)	1,100	2,000	N/A	Hydoo (毅德控股)	Integrated
Yin Feng International Traditional Chinese Medicine Port (銀豐國際中藥港)	680	738	2008	Yin Feng Group (銀豐集團)	Specialized
Hong Jin Nong Fu Shi Pin Pi Fa Shi Chang (宏進農副產品批發市場)	465	420	2010	Wang On Group and Yulin Shi Chang Kai Fa Fu Wu Zhong Xin (香港宏安集團及玉林市 市場開發服務中心)	Specialized
Yu Lin Shi Gong Ye Pin Shi Chang (玉林市工業品市場)	107	200	1995	Gang Gao Tou Zi (港高投資)	Specialized
Guangxi Yulin Fumian Area International Clothing Market (廣西玉林福綿區國際服裝 貿易城)	213	180	2013	Yulin Tan Lin Company (玉林天森置業有限公司)	Specialized
Yu Lin Jian Cai Mo Tuo Shi Chang (玉林建材摩托市場)	100	29	1995	Yulin Kai Fa Fu Wu Zhong Xin (玉林市開發服務中心)	Specialized

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

Mianyang

Mianyang is a prefecture-level city located in the northern part of Sichuan province with a population of 4.6 million as at the end of 2012. Between 2007 and 2012, Mianyang's nominal GDP grew at a CAGR of 12.2%, its retail sales grew at a CAGR of 21.5% and fixed asset investment grew at a CAGR of 26.2%.

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The following table sets forth current major trade centers and planned new projects in Mianyang in the coming three years. Of these projects, the Mianyang Trade Center will be the largest trade center in Mianyang when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Mianyang Trade Center (綿陽商貿物流中心)	900	1,000	N/A	Hydoo (毅德控股)	Integrated
Zhongrunhengda International Commercial Mall (中潤恒大國際商貿城)	136	330	Completed	Sichuan Zhong Run Yuan Bang Investment Co. (四川中潤遠邦投資)	Integrated
Mianzhou Mei Jia Ju Zhuang Shi Cheng (綿洲美家居裝飾城)	27	47	Completed	Mian Zhou Mei (綿洲美)	Specialized
Hua Yuan Deng Shi Cheng (花園燈飾城)	7	10	2005	Tiantai Group (天泰集團)	Specialized

Source: Savills

1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

Ganzhou

Ganzhou is a prefecture-level and the second largest city in Jiangxi province with a registered population of approximately 9.3 million as at the end of 2012. Between 2007 and 2012, Ganzhou's nominal GDP grew at a CAGR of 13.6%, its retail sales grew at a CAGR of 14.7% and fixed asset investment grew at a CAGR of 26.7%.

The following table sets forth current major trade centers and planned new projects in Ganzhou in the coming three years. Of these projects, the Ganzhou Trade Center will be the largest trade center in Ganzhou when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Ganzhou Trade Center (贛州商貿物流中心)	1,475	3,600	N/A	Hydoo (毅德控股)	Integrated
Jian Cai Da Shi Chang (建材大市場)	173	150	2003	Gannan Jian Cai Da Shi Chang Development Co. Ltd (贛南建材大市場開發 有限公司)	Specialized
Gannan Mao Yi Guang Chang (贛南貿易廣場)	143	150	1997	Excluded Howard Projects ²	Integrated
Ganzhou Shang Mao Cheng (贛州商貿城)	50	90	2011	Ganzhou Gan Sheng Real Estate Development Co. Ltd. (贛州贛晟房地產綜合開 發有限公司)	Integrated

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Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.
- 2 One of the Excluded Howard Projects. See “History and Corporate Structure – Our History and Development.”

Wuzhou

Bordering Guangdong province, Wuzhou is a prefecture-level city in Guangxi with a permanent population of 2.9 million as of the end of 2012. Between 2007 and 2012, Wuzhou’s nominal GDP grew at a CAGR of 17.2%, its retail sales grew at a CAGR of 14.2% and fixed asset investment grew at a CAGR of 27.6%.

The following table sets forth current major trade centers and planned new projects in Wuzhou in the coming three years. Of these projects, the Wuzhou Trade Center will be the largest trade center in Wuzhou when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Wuzhou Trade Center (梧州商貿物流中心)	1,300	2,000	N/A	Hydoo (毅德控股)	Integrated
Zhong Heng Guo Ji Yi Yao Shang Mao Wu Liu Yuan (中恒國際醫藥商貿物流產 業園)	1,300	2,000	2013	Guang Xi Wu Zhou Zhong Heng Group (中恒集團)	Specialized
Liang Guang Wholesale Market (兩廣批發市場)	125	130	2000	Guang Xi Bei Hai Qi Zhu Real Estate Development Co. Ltd (廣西梧州兩廣批發市場 房地產有限公司)	Integrated
Wu Zhou Bao Shi Cheng (梧州寶石城)	22	40	2009	Wu Zhou Bao Shi Yuan Development Co. Ltd (梧州寶石園建設開發 有限公司)	Specialized

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

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Heze

Heze is a prefecture-level city in southwestern Shandong province. According to the Heze Statistic Bureau, the total population in Heze was 8.3 million as of 2012. Between 2007 and 2012, Heze's nominal GDP grew at a CAGR of 17.3%, its retail sales grew at a CAGR of 18.2% and fixed asset investment grew from RMB52.9 billion to RMB68.7 billion.

The following table sets forth current major trade centers and planned new projects in Heze in the coming three years. Of these projects, the Heze Trade Center will be the largest trade center in Heze when completed, according to Savills.

Trade Center	Site Area (thousand sq.m)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Heze Trade Center (荷澤商貿物流中心)	8,000	12,000	N/A	Hydoo (毅德控股)	Integrated
Bandung International Wholesale Trade Center City (萬隆國際批發城)	800	1,000	N/A	San Liu Jiu Property Company 三六九置業有限公司	Integrated
Yifeng Time Square (億豐時代廣場)	533	580	N/A	Shanghai Yifeng Group (上海億豐集團)	Integrated
Heze Yiwu Small Commodity Market (荷澤義烏小商品批發市場)	320	580	N/A	He Ze Zhong Ke Real Estate Development Co. Ltd (荷澤中科房地產 有限公司)	Integrated
Fu Nian Qi Lu Automobile City (富年齊魯汽配城)	200	260	Phase 1: 2013 N/A	Fu Nian Group (富年集團)	Specialized

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

Xingning

Xingning is a county of the prefecture level city of Meizhou in Guangdong province. As at the end of 2012, the city had a total registered population of 1.18 million people. Between 2007 and 2012, Xingning's nominal GDP grew at a CAGR of 10.9%, its retail sales grew at a CAGR of 11.6% and fixed asset investment grew from 0.7 billion to 3.0 billion.

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The following table sets forth current major trade centers and planned new projects in Xingning in the coming three years. Of these projects, the Xingning Trade Center will be the largest trade center in Xingning when completed, according to Savills.

Trade Center	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Xingning Trade Center (興寧商貿物流中心)	1,300	2,000	N/A	Hydoo (毅德控股)	Integrated
Xingning Commercial City (興寧商業城)	120	330	1998	Xingning Hong Xing Property Development Company (興寧市鴻興房地產開發 有限公司)	Integrated
Xingning Dong Feng Market (興寧市東風市場)	13	40	1994	Shenzhen Guihe Investment Co., Ltd. (深圳市貴和投資集團 有限公司)	Specialized
Dong Yue Gong Market (東嶽宮市場)	5	24	1988	Xingning Government (興寧市政府)	Specialized

Source: Savills

1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

Lanzhou

Lanzhou is the capital and largest city of Gansu province. As at the end of 2012, the city had a registered population of 3.2 million. Between 2007 and 2012, Lanzhou's nominal GDP grew at a CAGR of 22.7%, its retail sales grew at a CAGR of 14.2% and fixed asset investment grew at a CAGR of 49.1%.

The following table sets forth current major trade centers and planned new projects in Lanzhou in the coming three years. Of these projects, the Lanzhou Trade Center will be the largest trade center in Lanzhou when completed, according to Savills.

Trade Centre	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Lanzhou Trade Center (蘭州商貿物流中心)	4,000	6,000	N/A	Hydoo (毅德控股)	Integrated
Beilongkou International Decorative Building Materials City (北龍口國際建材裝飾城)	267	2,000	2013	Gansu Dingkun Real Estate Development Co., Ltd. (甘肅鼎坤房地產開發有 限公司)	Specialized
Lanzhou Easten Lanzhou Integrated Wholesale Market (蘭州東部綜合批發市場)	600	440	2009	Lanzhou Chengguan District Gongxingdun County Wulipu Village Committee (蘭州城關區拱星墩鄉五 裡鋪村)	Integrated

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Trade Centre	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Lanzhou Yuexing Home Furnishing Plaza (蘭州月星家居廣場)	70	100	2007	Yuexing Group Co., Ltd. (月星集團有限公司)	Specialized

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

Yantai

Yantai is a prefecture-level city in northeastern Shandong province. As at the end of 2012, the city had a total registered population of 6.5 million people. Between 2007 and 2012, Yantai's nominal GDP grew at a CAGR of 16.7%, its retail sales grew at a CAGR of 24.8% and fixed asset investment grew at a CAGR of 17.9%.

The following table sets forth current major trade centers and planned new projects in Yantai in the coming three years. Of these projects, the Yantai Trade Center will be the largest trade center in Yantai when completed, according to Savills.

Trade Centre	Site Area (thousand sq.m.)	GFA ¹ (thousand sq.m.)	Completion Date	Developer	Type
Yantai Yide International Trade City (煙台商貿物流中心)	1,300	2,400	N/A	Hydoo (毅德控股)	Integrated
Yantai Sanzahn Commodity Market (煙台三站小商品批發市場)	35	60	1996	山東三站股份有限公司 Shandong Sanhan Inc.	wholesale market
Modern fruit, vegetable and aquatic products wholesale market (現代果蔬水產品批發市場)	40	19	Under construction	Yantai Modern Fruit, Vegetable and Aquatic products Co., Ltd. 煙台現代果蔬水產品 有限公司	wholesale market
Aucma Yantai Mall (澳柯瑪煙台商貿中心)	30	40	2005	Aucma (Yantai) Co., Ltd. 澳柯瑪(煙台)實業有限 公司	trade centre
Yantai Haigang Jiabu Market (煙台海港家飾材料市場)	80	80	2001	Yantai Port Property Management Co., Ltd. 海港物業管理有限公司	wholesale market

Source: Savills

- 1 Includes the portion completed, under construction, future development and the portion covered by any relevant memorandum of understanding with the relevant government agency.

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SAVILLS REPORT

We have commissioned Savills, an independent third party and an experienced consultant in the global real estate industry, to prepare the Savills Report which analyzes wholesale markets, commodity exchange markets, and real estate markets in China. We paid Savills a fee of RMB400,000 for preparing the Savills Report.

Savills has prepared the Savills Report based on various government publications, site visits and interviews as well as Savills' proprietary data on the relevant property sector markets.

The Savills Report also contains certain assumptions regarding changes in PRC political, regulatory or market conditions and the veracity of primary and secondary sources. In preparing the Savills Report, the assumptions were adopted based upon careful consideration of known factors. However, Savills cannot rule out the risk that any of the assumptions may be inaccurate. The Savills Report also contains a significant volume of information which is directly derived from secondary sources or based on other third-party information. Savills does not represent and warrant the accuracy or completeness of such information. In preparing and updating the Savills Report, Savills has adopted the following to enhance the credibility and accuracy of the forecasts:

- ***Market research:*** The market specialists at Savills collected related information and data from various sources, which provided an overview of the current market landscape and trends and also formed the basis for the forecast.
- ***Market data analysis:*** Data collected from the market research process were analyzed to provide additional insights on their historical and future impact on market size and market development.
- ***Identifying drivers and factors:*** The market specialists then identified the factors that drove and will drive market growth as well as those that restrained and will restrain growth of the market.
- ***Integration of opinions:*** The specialists further discussed with and interviewed a variety of industry experts and consultants, as well as industry participants and customers. The data obtained was then integrated with the existing data to provide a refined basis for the forecast data.
- ***Quality control:*** Before finalizing the report, the market specialists verified the data and forecast by cross-checking against other available data or information.

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Forecasts and assumptions included in the Savills Report are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including but without limitation, the activities of the government, individuals, third parties and competitors. Specific factors that could cause actual results to differ materially include, among others, risks inherent in the wholesale and retail trade industry, uncertainty of renewals of leases, property risks, financing risks, labor risks, regulatory risks and environmental concerns.

Savills is a global real estate services provider and its parent company, Savills plc, is listed on the London Stock Exchange. It has an international network of more than 500 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of real estate specialist advisory, management and transactional services to clients all over the world.

REGULATORY OVERVIEW

SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS

Set out below is a summary of certain aspects of PRC legal and regulatory provisions relating to our operations and business. These include laws and regulations relating to:

- Establishment of a Real Estate Development Enterprise
- Qualification of a Real Estate Developer
- Land for Property Development
- Sale of Commodity Properties
- Transfer of Real Estate
- Mortgages of Real Estate
- Real Estate Management
- Measures on Stabilizing Property Prices
- PRC Taxation
- Foreign Currency Exchange
- Government Grants
- Labor Protection

ESTABLISHMENT OF A REAL ESTATE DEVELOPMENT ENTERPRISE

According to the *Law on Administration of Urban Real Estate of the People's Republic of China* (the "Urban Real Estate Law") (中華人民共和國城市房地產管理法) promulgated by the Standing Committee of the National People's Congress, effective on January 1, 1995, as amended on August 30, 2007 and August 2009, a real estate developer is defined as an enterprise which engages in the development and operation of real estate for the purpose of making profits. Under the *Regulation on Administration of Development of Urban Real Estate* (the "Development Regulation") (城市房地產開發經營管理條例) promulgated by the State Council on July 20, 1998, as amended on January 8, 2011, an enterprise which is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate. The authorities at the provincial level, autonomous region level or municipalities under the direct administration of the central PRC government may impose more stringent requirements regarding the registered capital and professional qualifications of real estate enterprises.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign invested enterprises and apply for approvals relating to foreign investments in China.

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Under the *Catalog of Guidance on Industries for Foreign Investment* (外商投資產業指導目錄) promulgated by MOFCOM and NDRC on December 24, 2011, the development of a whole land lot, the construction and operation of high-quality hotels, premium office buildings, international conference centers and secondary market property trading and brokering falls within the category of industries in which foreign investment is subject to restrictions; the construction and operation of villa falls within the category of industries in which foreign investment is prohibited and other real estate development falls within the category of industries in which foreign investment is permitted.

Subject to approval by the relevant foreign investment regulatory authorities, a foreign investor intending to engage in the development and operation of real estate may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise in accordance with the PRC laws and administrative regulations regarding foreign invested enterprise.

Under the *Notice on Adjusting the Proportion of Capital Fund for Fixed Assets Investment Projects of Certain Industries* (關於調整部分行業固定資產投資項目資本金比例的通知) issued by the State Council on April 26, 2004, the proportion of capital fund of real estate development projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above.

In response to the global financial crisis and in an effort to expand domestic demand, the State Council issued the *Notice for Adjusting the Proportion of Capital Fund for Fixed Assets Investment* (關於調整固定資產投資項目資本金比例的通知) on May 25, 2009. Under the notice, the minimum capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the minimum capital ratio for other real estate development projects is adjusted from 35% to 30%.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE promulgated the *Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market* (關於規範房地產市場外資準入和管理的意見).

According to the Opinions, a foreign investor must comply with the following requirements in order to invest in the real estate market in China:

- A foreign entity or individual purchasing real estate in China other than for self-use shall, subject to the principle of commercial existence, apply for the establishment of a foreign-invested enterprise pursuant to the regulations relevant to foreign investment in real estate, and conduct relevant operations within the authorized business scope after obtaining approvals from the relevant government authorities and upon completion of the relevant registrations.
- If the total investment amount of a foreign-invested real estate development enterprise exceeds or equals to US\$10 million, the registered capital shall not be less than 50% of the total investment amount of the enterprise. If the total investment amount is less than US\$10 million, the current rules on registered capital shall apply.

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- A transfer of projects of or shares in a foreign-invested real estate development enterprise, and the acquisition of a domestic real estate development enterprise by foreign investors shall be approved by the commerce authorities in strict compliance with the relevant laws, regulations and policies. The investor should submit: (a) a letter of guarantee pledging to abide by the land grant contract, the construction land planning permit and the construction work planning permit; (b) the land-use rights certificate; (c) the certification of a change of registration issued by the relevant construction administration authorities; and (d) the certification of tax payment issued by the relevant tax authorities.
- Foreign investors acquiring a domestic real estate enterprise by way of equity transfer or other means, or acquiring domestic investors' equity interest in an equity joint venture, shall make proper arrangements for the real estate enterprise's employees and bank loan repayment. The foreign investors shall pay the transfer price in a lump sum and with their own capital. Foreign investors with unfavorable records are prohibited from involvement in such real estate activities in China.

On August 14, 2006, the General Office of MOFCOM issued a *Notice on the Implementation of the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market* (關於貫徹落實<關於規範房地產市場外資準入和管理的意見>有關問題的通知).

The notice requires that, the registered capital of a foreign invested real estate enterprise, or FIREE, shall not be less than 50% of its total investment if its total investment exceeds US\$3.0 million, and the registered capital of a FIREE shall not be less than 70% of its total investment if its total investment is US\$3.0 million or less.

On September 1, 2006, SAFE and the Ministry of Construction promulgated the *Notice on Regulating the Administration of Foreign Exchange in Real Estate Market* (關於規範房地產市場外匯管理有關問題的通知), which sets forth the specific regulations regarding to the procedure of purchasing real estate by foreign enterprises and individuals. The notice further requests that where a FIREE fails to pay the registered capital in full amount or fails to acquire a land-use rights certificate or to make its project development capital reach 35% of the total investments of the project, it shall not borrow any foreign debt, and the foreign exchange bureau shall not accept the registration of its foreign debt or approve the conversion of foreign debt into RMB.

When a foreign enterprise or individual merges a domestic real estate enterprise by way of equity transfer or by any other means or takes over the equity shares from the Chinese shareholder in a joint venture, if it/he fails to pay the transfer price in a lump sum with its/his own fund, the foreign exchange bureau shall not accept the registration or change registration of its/his foreign exchange.

On May 23, 2007, MOFCOM and SAFE issued the *Notice on Further Strengthening and Regulating the Approval and Administration of Foreign Direct Investments in the Real Estate Industry* (the "No. 50 Notice") (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). Under the Notice, local commercial authorities should reinforce the approval and

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supervision process over foreign investment in real estate enterprises, and strictly control foreign fund from investing in high quality real estate development projects. For establishment of a foreign invested real estate enterprise, land-use rights, house or other construction ownership right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the establishment will not be approved by the authorities. For existing foreign invested company who intends to engage in real estate development or operation business or intends to engage in the operation or development of new real estate projects, they should undertake relevant procedures to expand business scope or enlarge the operation scale with the approval authority.

No. 50 Notice strictly controls the acquisition or merger of domestic real estate enterprises by means of round trip investment (includes the same de facto controller). It also prohibits Chinese or foreign investors in foreign-invested real estate joint ventures to reach any fixed return related term, or any term to the same effect, for either party.

The local MOFCOM administrative authority should make a record to MOFCOM after a foreign-invested real estate company is approved to establish. The local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for capital projects of FIREEs who fail to complete the record with the MOFCOM or to pass the annual review.

SAFE issued the *Circular Regarding the Publication of the List of the First Batch of Foreign-Invested Property Development Projects that Have Filed with MOFCOM* (“Circular No. 130”) (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) on July 10, 2007, further regulating foreign investment in real estate sector in China. According to Circular No. 130, on or after June 1, 2007, real estate enterprises with foreign investment as filed with MOFCOM (including due to establishment and capital increase) will not be permitted to borrow money from overseas, including shareholder loans and foreign commercial loans, or will not be approved to settle foreign exchange of foreign debt. Further, for those which obtain foreign investment approval certificates on or after June 1, 2007 but fail to file with MOFCOM, neither foreign exchange registration nor foreign exchange alteration registration will be effected with SAFE or its branches, and as a result, foreign exchange under capital projects will not be settled or purchased.

The No. 130 Rule was abolished on May 13, 2013 by the *Notice on Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and its Supporting Documents* (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知) (“Notice No. 21”) which was promulgated by SAFE on May 10, 2013. However, the restriction measures on the foreign debt of foreign-invested real estate enterprises stipulated in the No. 130 Rule have been reflected in the *Measures for the Administration of Foreign Debt Registration* (外債登記管理辦法) (“Notice No. 19”) issued by SAFE on April 28, 2013.

On June 18, 2008, MOFCOM issued the *Circular on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry* (關於做好外商投資房地產業備案工作的通知) (“Circular No. 23”). According to Circular No. 23, MOFCOM entrusts provincial

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MOFCOM departments to verify materials on records of FIREEs. Circular No. 23 requires that the establishment (including the increase of registered capital) of a FIREE shall comply with the project company principle of engaging in one approved real estate project only.

On November 22, 2010, the General Office of MOFCOM issued a *Notice on Strengthening Management to Registration of Foreign Investment in the Real Estate Sector* (關於加強外商投資房地產業審批備案管理的通知). Foreign invested real estate enterprises shall not generate revenues through purchasing and selling completed real estate properties and/or real estate properties under construction. Local commerce administration authorities shall not accept registration of investment companies involving development and management of real estate.

QUALIFICATIONS OF A REAL ESTATE DEVELOPER

Under the *Provisions on Administration of Qualifications of Real Estate Developers* (the “Provisions on Administration of Qualifications”) (房地產開發企業資質管理規定) promulgated by the Ministry of Construction on March 29, 2000, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers. In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Approval measures of Class 2 or lower qualifications are formulated by the construction authorities at the provincial level. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scale is subject to confirmation by the construction authorities at the provincial level.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and operation of real estate within its approved scope of business and may not engage in business which is limited to another classification.

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Pursuant to the Provisions on the Administration of Qualifications, the qualifications of each class of real estate developments are as follows:

- **Class 1 qualification:** (1) the registered capital shall be not less than RMB50 million; (2) over five years of operating experience in real estate development is required; (3) in the past three years, the cumulative GFA completed shall be not less than 300,000 sq.m. or the required capital investment for developing corresponding GFA has been invested; (4) the passing rate of quality of construction work is 100% for five consecutive years; (5) GFA of over 150,000 sq.m. of building construction has been completed or the required capital investment for developing corresponding GFA has been invested in the previous year; (6) the professional management team shall consist of no less than 40 persons with titles and majoring in architecture, construction, finance, real estate and economics, while the number of management staff with professional titles of intermediate level or above shall be no less than 20 persons and there shall be no less than four accountants holding professional qualification certificates; (7) the person-in-charge of, among others, engineering technology, finance and statistics shall hold professional titles of the intermediate level or above; (8) there shall be a proper quality control system in place, and in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (9) there shall not be any occurrence of any major accident relating to construction quality.
- **Class 2 qualification:** (1) the registered capital shall be not less than RMB20 million; (2) over three years of operating experience in real estate development is required; (3) in the past three years, the cumulative GFA completed shall be not less than 150,000 sq.m. or the required capital investment for developing corresponding GFA has been invested; (4) the passing rate of quality of construction work is 100% for three consecutive years; (5) GFA of over 100,000 sq.m. of building construction has been completed or the required capital investment for developing corresponding GFA has been invested in the previous year; (6) the professional management team shall consist of no less than 20 persons with titles and majoring in architecture, construction, finance, real estate and economics, while the number of management staff with professional titles of intermediate level or above shall be no less than 10 persons and there shall be no less than three accountants holding professional qualification certificates; (7) the person-in-charge of, among others, engineering technology, finance and statistics shall hold professional titles of the intermediate level or above; (8) there shall be a proper quality control system in place, and in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (9) there shall not be any occurrence of any major accident relating to construction quality.
- **Class 3 qualification:** (1) the registered capital shall be not less than RMB8 million; (2) over two years of operating experience in real estate development is required; (3) the cumulative GFA completed shall be not less than 50,000 sq.m. or the required capital investment for developing corresponding GFA has been invested; (4) the

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passing rate of quality of construction work is 100% for two consecutive years; (5) the professional management team shall consist of no less than 10 persons with titles and majoring in architecture, construction, finance, real estate and economics, and the number of management staff with professional titles of intermediate level or above shall be no less than five persons and there shall be no less than two accountants holding professional qualification certificates; (6) the person-in-charge of, among others, engineering technology and finance shall hold professional titles of the intermediate level or above and the person in charge of other departments, including statistics, shall hold professional titles of the primary level or above; (7) there shall be a proper quality control system in place, and in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (8) there shall not be any occurrence of any major accident relating to construction quality.

- **Class 4 qualification:** (1) the registered capital shall be not less than RMB1 million; (2) over one year of operating experience in real estate development is required; (3) the passing rate of quality of construction work completed shall be 100%; (4) the professional management team shall consist of no less than five persons with titles and majoring in architecture, construction, finance, real estate and economics, and there shall be no less than two accountants holding professional qualification certificates; (5) the person-in-charge of engineering technology shall hold professional titles of the intermediate level or above and the person-in-charge for finance shall hold professional titles of the primary level or above, and professional statistician(s) shall be appointed; (6) in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (7) there shall not be any occurrence of any major accident relating to construction quality.

In addition, pursuant to the Provisions on Administration of Qualifications, a newly-established real estate developer shall make application with the competent authorities for an interim qualification certificate within 30 days from the date of the business license. A developer applying for an interim qualification certificate shall fulfill the requirements of class 4 qualification or above. The validity period of the certificate is one year. Regulatory authorities of real estate development may extend the validity of the interim qualification certificate depending on the operation of the developer, provided that the extension shall not exceed two years. In the event that no development project has been carried out within one year since the issuance date of the interim qualification certificate, the validity of the interim qualification certificate shall not be extended.

No entity or individual may alter, lease, lend, transfer or sell its/his qualification certificate. In case of merger, division or any change of name, legal representative or main personnel in charge of management and technologies, enterprises shall re-apply for qualification grade or apply for change formalities with the original examination and approval authorities.

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The qualification of a property developer should be subject to annual inspection. The Ministry of Construction or its entrusted institution is responsible for carrying out the annual inspection of real estate developers with Class 1 qualification. The construction authorities at the provincial level formulate annual inspection measures for real estate developers with Class 2 or lower qualifications.

DEVELOPMENT OF A REAL ESTATE PROJECT

According to the *Interim Provisions on Approving Foreign Investment Project* (外商投資項目核準暫行管理辦法) promulgated by NDRC on October 9, 2004, approval of NDRC is required for foreign investment projects with total investment (or amount of capital increase) of US\$100 million or more within the category of encouraged or permitted foreign investments and those with total investment (or amount of capital increase) of US\$50 million or more within the category of restricted foreign investments. Other foreign investments in China will require only local approval.

According to *Several Opinions on Further Utilizing Foreign Investment* (關於進一步做好利用外資工作的若干意見) promulgated by the State Council on April 6, 2010 and a *Notice on Decentralizing the Examination and Approval Authority for Foreign Investment* (關於做好外商投資項目下放核準權限工作的通知) issued by the NDRC on May 4, 2010, an encouraged or permitted project with a total investment (including capital increase) of less than US\$300 million in the Catalog of Guidance on Industries for Foreign Investment (the “Catalog”) shall be verified and approved by the relevant provincial development and reform commission unless the Catalog requires it to be verified and approved by the relevant department of the State Council. The verification and approval rights to restricted projects will not be delegated to local level temporarily.

According to the *Notice on Decentralizing the Examination and Approval Authority for Foreign Investment* (關於下放外商投資審批權限有關問題的通知), promulgated by the MOFCOM on June 10, 2010, the formation and change of foreign investment enterprises with a total investment less than US\$300 million for encouraged and permitted projects or US\$50 million for restricted projects in the Catalog shall be subject to the examination, approval and management of the provincial MOFCOM counterparts.

Under the *Interim Regulation Concerning the Grant and Assignment of the Right to Use State-owned Urban Land* (the “Interim Regulation on Grant and Assignment”) (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) promulgated by the State Council on May 19, 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land-use rights within the term of use. Under the Urban Real Estate Law and the Interim Regulation on Grant and Assignment, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land-use rights. The land user must pay the land premium as provided by the land grant contract. After payment in full of the land premium, the land user may register

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with the land administration authority and obtain a land-use rights certificate which evidences the acquisition of land-use rights. The Urban Real Estate Law and the Development Regulation provide that land-use rights for a site intended for real estate development must be obtained through grant except for land-use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the *Measures for Administration of Examination and Approval for Construction Land* (建設用地審查報批管理辦法) promulgated by the Ministry of Land and Resources on March 2, 1999, as amended on November 30, 2010, and the Measures for Administration of Preliminary Examination of Construction Project Land promulgated by the Ministry of Land and Resources in July 2001, as amended in October 2004 and November 2008. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land grant contract with the land user and issue an approval for the construction land to the construction entity or the developer.

According to the Urban Real Estate Law, a land user who obtains land-use rights under the grant system must develop the land according to the land usage as indicated in the land grant contract and must commence the development within the time frame agreed to under the land grant contract.

According to the *Regulation on Idle Land Administration* (閒置土地處置辦法) promulgated by the Ministry of Land and Resources on April 28, 1999, as amended on June 1, 2012, it shall be idle land which the land user fails to commence developing after one year from the construction commencement date stipulated in the state-owned construction land grant contract or in the approval of premium-free allocation. The land may also be treated as idle land and may be subject to land idle fee or forfeiture, if the developed land area is less than one-third of the total land area under the land grant contract or the sum already expended on the development of the land is less than one-fourth of the total investment of the project, and the suspension of development of the land has lasted for one year or more.

According to the Regulation on Idle Land Administration, if the land user fails to commence developing the land after one year from the construction commencement date, then the local land administration authority, with approval by the local government, shall charge the land user a “land idle fee” of 20% of the land premium, which is not permitted to be disbursed from the cost. If the land user fails to commence development of the relevant land after two years from the deadline, with approval by the local government, the land user’s land-use rights

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shall be forfeited by local land administration authority without compensation. However, the foresaid penalties do not apply if the failure to commence development and construction is due to force majeure or caused by government actions. Where the land user reserves or speculates lands on purpose by violating laws or regulations, or breaching contractual obligations or land allotment letter, the local land administration authority shall not accept its new land-use application or registration of transfer, lease, charge and change of its idle land. Relevant local land-use administration departments shall inform finance administration departments of the information of idle land.

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), 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 idled for two years or more, it must be taken back free of charge in accordance with laws and regulations, and rearranged for any other uses; if the land does not meet the statutory conditions for being taken back, 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 idled for one year or more but less than two years, an idle land fee must be collected at a price of 20% of the transfer or allotment price. Financial institutions shall not grant loans to illegal land-use projects and such projects shall not be approved for public listing.

Under the *Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land* (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction on December 4, 1992, as amended on January 26, 2011, and the *Notice on Strengthening the Planning Administration of the Assignment of the Right to Use State-owned Land* (關於加強國有土地使用權出讓規劃管理工作的通知) promulgated by the Ministry of Construction on December 26, 2002, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under 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 Standing Committee of the National People's Congress on October 28, 2007, effective from January 1, 2008, and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority. According to the *Law of the People's Republic of China on Urban and Rural Planning*, a construction entity shall return the land or compensate relevant parties if it gets the approval of land-use right without a permit for construction works planning. Such land-use right approval shall be forfeited by the relevant authority. If a construction entity starts a project construction without obtaining a planning permit or violates the provisions of the planning permit, it will be punished by local planning administration authorities by way of stopping construction, imposing a fine based on construction costs or removing the completed construction.

According to the *Regulation on the Expropriation of Buildings on State-owned Land and Compensation* (國有土地上房屋徵收與補償條例), promulgated by the State Council on January 21, 2011, local government shall decide expropriation of buildings based on public interests. Construction entities shall be prohibited from participating in relocation activities.

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When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the *Measures for Administration of Granting Permission for Commencement of Construction Works* (建築工程施工許可管理辦法) promulgated by the Ministry of Construction on October 15, 1999, as amended on July 4, 2001.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and implemented the *Regulation on the Quality Management of Construction Projects* (建設工程質量管理條例), which sets out the respective quality responsibilities and liabilities for developers, construction companies, exploration companies, design companies and construction supervision companies. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the *Development Regulation and the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure* (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the Ministry of Construction on June 30, 2000. The developer must also report details of the acceptance examination according to the *Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure* (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the Ministry of Construction on April 4, 2000, as amended on October 19, 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

There are several laws and regulations regulating environment protection in the real estate industry in the PRC, including *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise* (中華人民共和國環境噪聲污染防治法), *Law of the People's Republic of China on Appraising of Environment Impacts* (中華人民共和國環境影響評價法), *Regulation of Environment Protection in Construction Projects* (建設項目環境保護管理條例), *Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China* (中華人民共和國固體廢物污染環境防治法) and *Decision of the State Council on Several Issues Concerning Environmental Protection* (國務院關於環境保護若干問題的決定). According to such laws and regulations, a real estate developer shall submit a report of environmental impacts before receiving approval from relevant authority to start the construction. A construction enterprise shall, upon completion of a construction project, file an application with the competent department of environmental protection administration for acceptance checks on completion of matching construction of environmental protection facilities required for the construction project.

There are several laws and regulations in the PRC regarding to the civil air defense project construction, including *Law of the People's Republic of China on National Defense* (中華人民共和國國防法), *Civil Air Defense Law of the People's Republic of China* (中華人民共

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和國人民防空法), *Property Law of the People's Republic of China* (中華人民共和國物權法) and *Measures of the Development and Utilization of Civil Air Defense Construction during the peacetime* (人民防空工程平時開發利用管理辦法). According to such laws and regulations, basements that will be used for air defense in time of war shall be constructed in new buildings of cities for civil use. If any construction project cannot have basements due to any geological reason, fees for substitute site construction shall be paid. Investors of air defense construction shall be entitled to any benefits generated from its usage and shall manage such construction in the peacetime. Civil use of air defense construction shall be registered in relevant air defense authority.

Several laws and regulations specific fire protection in real estate development, including *Fire Protection Law of the People's Republic of China* (中華人民共和國消防法), *Provisions of Supervision and Management of Fire Protection Construction* (建設工程消防監督管理規定) and *Interim Measures of Inspection and Evaluation to Fire Protection Construction* (建築工程消防驗收評定暫行辦法). According to such laws and regulations, a real estate project shall get approval from or filing with relevant public security and fire protection authorities for fire protection design before the construction is started and subject to a fire protection as-built acceptance inspection.

LAND FOR PROPERTY DEVELOPMENT

In April 1988, the *National People's Congress amended the Constitution of the People's Republic of China* (中華人民共和國憲法) to permit the transfer of land-use rights for value. And in December 1988, the Standing Committee of the National People's Congress amended the *Land Administration Law* (中華人民共和國土地管理法) to permit the transfer of land-use rights for value.

On May 19, 1990, the State Council issued the *Interim Regulation on Grant and Assignment of Right to the Use of State-owned land in Urban Areas* (城鎮國有土地使用權出讓和轉讓暫行條例), which prescribes different maximum terms of granted land-use rights for different uses of land as follows: (i) land for commerce, tourism and entertainment: 40 years; (ii) land for residence: 70 years; (iii) land for industry: 50 years; (iv) land for education, science, technology, culture, public health and sports: 50 years; and (v) land for comprehensive utilization or other purposes: 50 years. The State may not resume possession of lawfully granted land-use rights prior to expiration of the term of grant. If the public interest requires the resumption of possession by the State under special circumstances during the term of grant, compensation must be paid by the State. Subject to compliance with the terms of the land grant contract, a holder of land-use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease. Upon paying in full the land grant fee pursuant to the terms of the contract, the grantee may apply to the relevant land bureau for issuance of the land-use rights certificate. Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land-use rights and payment of a new land grant fee. If the term of the grant is not renewed, the land-use rights and ownership of any buildings on the land will revert to the State without compensation.

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Individuals and entities may acquire land-use rights in different ways, two of which are most important, i.e. land transfers from land users who have already obtained land-use rights and land grants from local land authorities.

Real estate development companies may acquire land-use rights from land users that have already obtained the land-use rights by entering into a land assignment contract or by way of capital contribution. Under the Land Administration Law, any change to be lawfully made in land-use rights shall be registered.

As to the land grants, on May 9, 2002, the Ministry of Land and Resources promulgated the *Rules Regarding the Grant of State-Owned Construction Land-Use Rights By Way of Tender, Auction and Listing-For-Sale* (the “Rules”) (招標拍賣掛牌出讓國有建設用地使用權規定), which was implemented on July 1, 2002 and was amended on September 28, 2007. Pursuant to the Rules, all land for commercial use, tourism, entertainment and commodity residential housing must be granted by way of tender, auction or listing for sale.

On September 24, 2003, the Ministry of Land and Resources promulgated the *Notice on Strengthening the Land Supply Management and Facilitating the Continuous and Healthy Development of Property Market* (關於加強土地供應管理促進房地產市場持續健康發展的通知), as amended on December 3, 2010, which provides that land supply for luxury commodity housing shall be strictly controlled.

According to the *Opinions on Certain Issues Relating to Voluntary Examination and Rectifying of Land Market* (關於進一步治理整頓土地市場秩序中自查自糾若干問題的處理意見) promulgated by Ministry of Land and Resources on October 13, 2003, land must be restored to its original use if the development of such land fails to comply with the overall land-use requirements, unless such land has been developed for construction and restoration is impossible to achieve, in which case the overall land-use requirements shall be modified so the respective amount of basic farmland, cultivated land and land for building will remain unchanged. Similarly, restoration of land to farmland or to its original use is required when a land development project lacks construction feasibility or is short of project funding, even though a proper approval is in place. Idle land that has been supplied for construction purposes shall be disposed of according to relevant stipulation governing idle land. However, exceptions are allowed when pre-approval has been granted by local authorities, or if a project development contract has been executed and between local authorities and developers prior to July 1, 2002. On March 18, 2004, the Ministry of Land and Resources together with the Ministry of Supervision promulgated the *Notice of Enforcing and Supervising the Transfer of Operative Land-Use Rights Through Tenders, Bidding and Public Auction* (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知), which expressly required that after August 31, 2004, no transfer of land-use rights will be allowed in the form of agreement.

On May 30, 2006, the Ministry of Land and Resources promulgated an *Urgent Notice on Currently Further Strengthening Land Management* (關於當前進一步從嚴土地管理的緊急通知), which provides that land grant for real estate development must be conducted by way of tender, auction or listing for sale, and land supply for low to medium-priced and/or small to

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medium-sized ordinary commercial residential housing (including affordable housing) and for low-rental residential housing must be granted in priority, and land supply for low-density and/or large-sized residential housing shall be strictly restricted. In addition, the notice provides that land supply for new villa project shall be suspended.

On November 18, 2009, the Ministry of Finance, Ministry of Land and Resources, PBOC, the Ministry of Supervision of the PRC and the National Audit Office of the PRC jointly issued a *Notice on Further Strengthen the Management of Revenue and Expenditure from Land Granting* (關於進一步加強土地出讓收支管理的通知), to require a minimum down payment of 50% of the land premium relating to land purchases from the PRC government. The notice also provides that the installment period stipulated in the relevant land grant contracts may not exceed one year, provided that, for special projects, upon collective approval by the relevant government authorities, the installment period stipulated in the relevant land grant contracts can be two years. Developers will not be permitted to buy new land if they fail to pay off such land premium in time. The new rules also forbid local governments from giving discounts to developers or allowing developers to delay payments except as stipulated by the State Council.

On March 8, 2010, the Ministry of Land and Resource of the PRC issued the *Notice on Several Issues concerning the Reinforcement on Provision and Supervision over the Land-Use for Property Development* (關於加強房地產用地供應和監管有關問題的通知), which shortens the time for payment of the land price by successful bidder of land. On April 17, 2010, the State Council issued the *Notice on Resolutely Curbing the Rise of Housing Prices in Certain Cities* (關於堅決遏制部分城市房價過快上漲的通知), according to which, when real estate development enterprises participate in the auction, development and construction of land, their shareholders shall not provide loans, lending, guarantee or other relevant financing activities to them in violation of regulations.

On September 21, 2010, the Ministry of Land and Resources and the Ministry of Construction 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 idled 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 have been rectified.

On January 26, 2011, the State Council issued the *Notice on Issues Relating to Further Regulating the Control of Property Market* (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) which specifies that if a real estate developer fails to obtain the construction permits or fails to commence the construction within two years from the designation of land for real estate development, the granted land-use rights will be forfeited and an idle land penalty will be imposed. A real estate developer is further restricted from transferring land and real estate development projects if the amount of real estate development investment (excluding the land grant fee) incurred is less than 25% of the total investment amount in respect of the subject project. The Ministry of Land and Resources issued the *Notice*

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of Diligently Carrying Out Real Estate Land-Use Management and Regulation (關於做好2012年房地產用地管理和調控重點工作的通知) on February 15, 2012, requiring land users to submit written reports to land and resources departments at the time of or prior to project commencement and completion.

SALE OF COMMODITY PROPERTIES

Under the *Measures for Administration of Sale of Commodity Properties* (商品房銷售管理辦法) promulgated by the Ministry of Construction on April 4, 2001, sale of commodity properties can include both sales before the completion of the properties (the “pre-sale”) and sales after the completion of the properties (the “post-completion sale”). Commodity buildings may be put to post-completion sale after they have passed the clearance examination and satisfied the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the real estate development project manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for its record.

Any pre-sale of commodity buildings must be conducted in accordance with the *Measures for Administration of Pre-sale of Urban Commodity Buildings* (the “Pre-sale Measures”) (城市商品房預售管理辦法) promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and in July 2004, and the Development Regulation. The Pre-sale Measures provide that any pre-sale of commodity buildings is subject to specified procedures. According to the Development Regulation and the Pre-sale Measures, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authority for a permit for pre-sale. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land-use rights involved and a land-use rights certificate has been properly obtained;
- a permit for construction works planning and a permit for commencement of works have been properly obtained;
- the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been properly ascertained;
- a permit for pre-sale of commodity buildings has been obtained through pre-sale registration; and
- the proceeds of pre-sale of commodity buildings must be used to the relevant project construction.

According to the *Measures for Administration of Sale of Commodity Properties* (商品房銷售管理辦法), the real estate developer shall not sell commodity properties by means of rebated sale or any such means in disguised forms. The real estate developer may not sell uncompleted commodity properties by the after-sale lease guarantee or by any such means in disguised forms.

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According to the *Notice on Promoting the Stable and Sound Development of the Real Estate Market* (關於促進房地產市場平穩健康發展的通知) promulgated by the General Office of the State Council on January 7, 2010, local governments shall decide the minimum scale of pre-sales rationally based on local practice and may not issue separate pre-sale permits by floor or unit.

On April 13, 2010, the MOHURD issued the *Notice on Further Regulating the Real Estate Market and Improving the Commodity Housing Pre-sale System* (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), which set forth certain measures to enhance the regulation of pre-sales of commodity housing. Real estate developers are strictly prohibited from pre-selling commodity housing without obtaining pre-sale permits. Within 10 days after obtaining the relevant pre-sale permits, real estate developers are required to make a public announcement on all information relating to the units available for pre-sale and the price of each unit.

As to the post-completion sale, commodity properties may be put up for post-completion sale only when the preconditions for such sale have been satisfied. Under the *Measures for Administration of Sale of Commodity Properties* (商品房銷售管理辦法), the sale of commodity properties after the completion shall meet the following conditions:

- the real estate developer has a business license and a qualification certificate for real estate development;
- the land-use right certificates or approval documents of land using have been obtained;
- the construction planning permit and the construction commencement permit have been obtained;
- the commodity properties have been completed, inspected and accepted;
- the relocation of the residents has been completed;
- the supplementary essential facilities such as the supply of water, electricity, heating and gas, and communications are ready for use, and other public facilities are ready for use or the schedule of construction and delivery date of such facilities have been specified; and
- the property management plan has been confirmed.

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

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TRANSFER OF REAL ESTATE

According to the Urban Real Estate Law and the *Provisions on Administration of Transfer of Urban Real Estate* (城市房地產轉讓管理規定) promulgated by the Ministry of Construction on August 7, 1995, as amended on August 15, 2001, a real estate owner may sell, bequeath or otherwise legally transfer real estate 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 together. The parties to a transfer must enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land-use rights were originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the grant of the land-use rights as provided by the land grant contract and a land-use right certificate has been properly obtained; and
- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or
- in 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.
- in case of where the real property has been completed in construction, the property ownership certificate shall have been obtained.

If the land-use rights were originally obtained by grant, the term of the land-use rights after transfer of the real estate will be the remaining portion of the original term provided in the land grant contract after deducting the time that has been used by the former land users. In the event that the assignee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original land-use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, inter alia, change the use of the land and adjust the land premium accordingly.

If the land-use rights were originally obtained by allocation, such allocation may be changed to land-use rights grant if approved by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land-use rights and pay the land premium according to the relevant statutes.

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LEASES OF BUILDINGS

The National People's Congress promulgated the Contract Law of the People's Republic of China (中華人民共和國合同法) (the "Contract Law") on March 15, 1999, which takes effect from October 1, 1999. The Contract Law defines a leasing contract as a contract whereby the lesser delivers to the lessee the lease item for it to use or accrue benefit from, and the lessee pays the rent.

The lease term may not exceed 20 years. If the lease term exceeds 20 years, the portion of the lease term beyond the initial twenty year period is invalid. At the end of the lease term, the parties may renew the lease, provided that the renewed term may not exceed 20 years commencing on the date of renewal. Where the lease term is six months or longer, the lease shall be in writing. If the parties fail to adopt a writing form, the lease is deemed an indefinite lease.

Under the *Urban Real Estate Law and the Measures for Administration of Leases of Commodity Buildings (商品房屋租賃管理辦法)* promulgated by the MOHURD on December 1, 2010, being effective from February 1, 2011, parties to a lease of a building must enter into a lease contract. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

MORTGAGES OF REAL ESTATE

Under the *Property Law of the People's Republic of China (中華人民共和國物權法)*, the *Urban Real Estate Law*, the *Security Law of the People's Republic of China (中華人民共和國擔保法)* promulgated by the Standing Committee of the National People's Congress on June 30, 1995, and the *Measures for Administration of Mortgages of Urban Real Estate (城市房地產抵押管理辦法)* promulgated by the Ministry of Construction on May 9, 1997, as amended on August 15, 2001, when a mortgage is created on the ownership of a building legally obtained, a mortgage must be simultaneously created on the land-use rights of the land on which the building is situated. When a mortgage is created on land obtained by way of grant, a mortgage must be simultaneously created on the ownership of the building which is on the land. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. 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 at the location where the real estate is situated. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

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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) on June 5, 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 properties 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 a “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 to be 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 approximately 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.
- The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area (套型建築面積) of 90 sq.m. or more, effective on June 1, 2006. See “– Measures on Stabilizing Property Prices” below.

In a *Circular on Facilitating the Continuous and 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 on August 12, 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.

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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 on August 30, 2004, commercial banks may not provide any loan in any form for a project without the land-use rights certificate, construction land-use 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 PBOC 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.

On May 24, 2006, the General Office of the State Council issued an opinion developed by the Ministry of Construction (and relevant departments) on *Adjustment of Housing Supply Structure and Stabilization of Property Prices* (關於調整住房供應結構穩定住房價格的意見). According to the opinion, in order to curtail the rapid rise in property prices, from June 1, 2006, the minimum amount of down payment for individual housing shall not be less than 30%. However, considering the housing needs of low-and middle-income earners, the minimum down payment for self-occupied housing with a GFA of less than 90 sq.m. per unit remains unchanged, and shall not be less than 20%.

On September 27, 2007, PBOC and CBRC jointly issued the *Notice on Strengthening the Administration of Commercial Real Estate Credit Loans* (關於加強商業性房地產信貸管理的通知) to further regulate the management of credit loans for commercial real estate. These measures include:

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land-use rights certificate, construction land-use planning permit, construction planning permit and a construction permit;
- prohibiting commercial banks from lending to property developers solely for the payment of land premiums;
- for commodity properties that has been vacant for three years, a commercial bank shall not accept them as collateral for a loan. In principle, a loan for real estate development made by a commercial bank may only be used for a local real estate

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development project, and shall not be used in a project of different location. For a loan, the use of which is really needed in a non-local real estate development project and for which the relevant risk control measures have been implemented, a commercial bank shall report on it to the regulatory authority for archival purposes before the loan is made;

- requiring banks to support funding needs of borrower purchasing their first small and medium self-occupied flat, and to grant loans only to individuals who have purchased flats the main structure of which have been topped out;
- the minimum down payment for a first unit of self-occupied flat with a GFA of less than 90 sq.m. per unit shall not be less than 20%. The minimum amount of down payment for a first unit of self-occupied flat with a GFA of over 90 sq.m. per unit shall not be less than 30%. The minimum down payment for the second unit or more payable by an individual who has obtained a mortgage to purchase the first flat shall not be less than 40%, the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC, and the minimum amount of down payment and interest rate shall significantly increase with the number of flats purchased;
- commercial properties purchase by loans shall have been completed and passed completion acceptance inspection; and for commercial properties, the minimum down payment shall not be less than 50%, the loan term shall not exceed 10 years and the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC. For combined commercial and residential properties, the minimum down payment shall not be less than 45% and the term and interest rate shall be determined according to the administrative regulations of commercial property loans.

According to the *Supplementary Notice of the PBOC and CBRC on Strengthening the Administration of Commercial Real Estate Credit Loans* (關於加強商業性房地產信貸管理的通知) issued on December 5, 2007, the number of loans granted to a borrower shall be determined on the basis of loans granted to the borrower's family (including the borrower, his/her spouse and his/her underage children).

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) on July 29, 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 be prudent 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 idled for two years or longer, 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).

On October 22, 2008, PBOC promulgated the *Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Commercial Individual Housing Loans* (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知), which provides that, effective

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from October 27, 2008, the float-down range for interest rate for individual residential mortgage loans is expanded and the ratio of down payments is adjusted. As a result, the minimum interest rate for individual residential mortgage loans is 70% of the benchmark loan interest rate and the minimum down payment ratio is adjusted to 20%.

On December 20, 2008, the General Office of the State Council issued the *Opinion on Promoting the Healthy Development of Real Estate Market* (國務院辦公廳關於促進房地產市場健康發展的若干意見). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self occupied housing for the first-time by borrowing a mortgage loan shall enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self-occupied housing for the first-time, if the GFA per person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate shall be determined by the commercial banks based on the benchmark interest rate and the banks' risk assessments.

According to the *Notice for Adjusting the Proportion of Capital Fund for Fixed Assets Investment* (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on May 25, 2009, the minimum capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the minimum capital ratio for other real estate projects is adjusted from 35% to 30%.

On January 7, 2010, the General Office of the State Council issued the *Notice on Promoting the Steady and Healthy Development of the Real Estate Market* (關於促進房地產市場平穩健康發展得通知), provides that the families (including the debtors, their spouses and their juvenile children) who have bought a residential house by the loans and are applying for loans to buy a second residential house or more residential houses, the down payments of the loans should not be lower than 40%.

On April 17, 2010, the State Council issued the *Notice on Resolutely Curbing the Rise of Housing Prices in Certain Cities* (關於堅決遏制部分城市房價過快上漲的通知), which increases (i) the amount of down payment to 30% of the property price for the purchase of the first property over 90 sq.m.; (ii) the amount of down payment to 50% of the property price for the purchase of the second property and the mortgage interest rate to be no less than 1.1 times the benchmark rate in China; and (iii) the amount of down payment and the mortgage interest rate for additional properties significantly as determined by the banks in accordance with their risk management policies.

According to the *Notice on Issues concerning the Improvement of Differential Housing Credit Policies* (關於完善差別化住房信貸政策有關問題的通知) jointly issued by of the PBOC and CBRC on September 29, 2010, all commercial banks shall suspend granting housing loans to families for purchasing the third or more housing units; commercial banks shall also suspend the granting of housing loans to non-local residents who cannot provide local tax payment proof or proof of social insurance payment for one year or longer.

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For the purchase of commodity housing with loans, the down payment shall be adjusted to more than 30% of the total price. For the real estate developers which leave any land idle, change the usage and nature of land, delay the time of initiating project and completion of construction, hold back housing units for future sale, or have other records of violations of laws or regulations, all commercial banks shall suspend granting loans to them for new projects development and suspend the extension of loans.

On January 26, 2011, the General Office of the State Council issued the *Notice on Issues Relating to Further Regulating the Control of Property Market* (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知), according to which, the minimum down payment in respect of mortgage loans on purchases of second residential properties by families is increased to 60% of the purchases price and the applicable mortgage rate must be at least 1.1 times of the relevant benchmark lending rate published by the PBOC.

REAL ESTATE MANAGEMENT

According to the *Regulation on Property Management* (物業管理條例) promulgated by the State Council on June 8, 2003 and amended on August 26, 2007, an enterprise engaging in property management activities shall have the independent corporation capacity. The State applies the system of qualification administration to the enterprises engaging in property management activities.

Under the *Measures for the Administration of Qualifications of Property Management Enterprises* (物業服務企業資質管理辦法) promulgated by the Ministry of Construction on March 17, 2004 and amended on November 26, 2007, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property management without undertaking a qualification assessment conducted by the relevant authority and obtaining a qualification certificate. The qualifications of a property service enterprise shall be classified as the first, second and third grades.

The qualification grade of a newly established property service enterprise shall be checked and ratified according to the minimum grade, with an interim effective period of one year. The property service enterprises with the first grade qualification may undertake various property management projects. The property service enterprises with the second grade qualification may undertake the property management business of residential projects of less than 300,000 sq.m. and the non-residential projects of less than 80,000 sq.m. The property service enterprises with the third grade qualifications may undertake the property management business of residential projects less than 200,000 sq.m. and non-residential projects less than 50,000 sq.m.

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INSURANCE

There is no mandatory provision in PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments.

According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

MEASURES ON STABILIZING PROPERTY PRICES

The General Office of the State Council promulgated a *Circular on Stabilizing Housing Prices* (關於切實穩定住房價格的通知) on March 26, 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. On April 30, 2005, the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and resources, PBOC, the State Taxation Bureau and CBRC jointly issued the *Opinions on Stabilizing Housing Prices* (關於做好穩定住房價格工作的意見) with the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.
- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high quality housing property construction should be strictly restricted.
- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

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- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant government agencies electronically immediately after its execution.

On May 24, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the National Bureau of Statistics, the State Taxation Bureau and CBRC jointly issued the *Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices* (關於調整住房供應結構穩定住房價格意見的通知). The Opinions reiterated the existing measures and introduced new measures to further curb fast increase in property prices in large cities and to promote healthy development of the PRC property market. These measures, among the others, include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;
- requiring that at least 70% of GFA of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area less than 90 sq.m. per unit (including affordable housing) and that projects which have received project development approvals prior to that date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the extension of loans and the grant of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

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On December 20, 2008, the General Office of the State Council issued the rules on the *Opinion on Promoting the Healthy Development of Real Estate Market* (關於促進房地產市場健康發展的若干意見), which provides that in order to expand domestic demand and encourage consumption in ordinary residential housing, a business tax relief policy for real property transfers will be implemented for one year in relation to residential property conveyance. Business tax is exempted for any transfer of ordinary housing purchased and held by individuals for at least two years, as opposed to five years previously; any transfer of ordinary housing purchased by individuals for less than two years is subject to business tax based on the difference between the sale price from such transfer and the original purchase price, as opposed to the full sale price. Any transfer of non-ordinary housing purchased by individuals for at least two years, as opposed to five years previously, is subject to business tax based on the difference between the gain from such transfer and the original purchase price. Any transfer of non-ordinary housing purchased by individuals for less than two years remains subject to business tax based solely on the sale price from such transfer. The above-mentioned policy is tentatively scheduled to be enforced until December 31, 2009.

On October 22, 2008, PBOC promulgated the *Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Commercial Individual Housing Loans* (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) which provides that, as of October 27, 2008, the float-down range for interest rate for commercial individual housing loans will be expanded and the ratio of down payments will be modified. The minimum interest rate for commercial individual housing loans will be 70% of the benchmark loan interest rate and the minimum down payment ratio will be adjusted to 20%. Related matters are as follows:

- Loan interest rate and down payment ratio granted by the financial institutions to their clients shall be determined based on the following factors: whether or not it is the first time for the borrower to buy the house, whether or not the house is used for self occupancy, whether or not the house type and GFA conform to an ordinary residential house, and other risk factors such as the borrower's credit record and repayment capacity.
- Financial institutions may provide preferential treatments on loan interest rate and down payment ratio to residents for their first purchase of ordinary self-occupied houses and improved ordinary self-occupied houses. For non-self-occupied houses and non-ordinary residential houses, financial institutions may properly raise the loan conditions.
- As to commercial individual housing loans granted, financial institutions shall determine the interest rate for the outstanding portion thereof, in accordance with Section 1 of this notice, on the basis of reasonable assessment of loan risks and according to the original loan contracts. The down payment ratio under the original loan contracts shall remain effective.
- The policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of his/her monthly income remains unchanged.

Pursuant to the Circular of the General Office of the State Council on *Notice on Issues Relating to Further Regulating the Control of Property Market* (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) dated January 26, 2011, generally, municipalities,

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provincial capitals and cities with high housing prices will implement purchase restrictions for a specified period. In principle, (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one additional house (including the new commodity residential house or a second hand one); and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses or a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

On February 26, 2013, The State Council General Office of the PRC promulgated the *Notice on Further Regulation and Control of Real Estate Market* (關於繼續做好房地產市場調控工作的通知), introducing five policy measures to control the real estate market, including: a) improving the accountability system for stabilization of house prices; b) strictly controlling over house purchase for speculation; c) increasing the supply of ordinary residential houses and the land supply of residential houses; d) accelerating the planning and construction of subsidized housing projects; e) tightening the market regulations and forecast management; and f) accelerating the establishment and optimization of the long-term mechanism for the healthy development of the real estate market.

The highlights of the measure for “control over house purchase for speculation” under the notice are as follows:

- Continuous enforcement of stringent restrictions on commodity housing purchases;
- For cities with soaring house prices, the local branches of the PBOC may further increase the proportion of down payments and interest rates for second-home buyers according to the price control targets and policy requirements for newly-constructed commodity housing of the local governments;
- The taxation department and the housing and urban-rural development department shall work closely together to impose personal income tax on the sales of self-owned houses. A tax rate of 20% on the proceeds from the transfer shall be strictly levied upon verification of the value of the houses based on tax collection and housing registration data.

The notice also stipulated that if the number of small-and medium-sized units of a general commodity housing project accounted for more than 70% of the total units to be constructed, the banking financial institutions shall give priority to the financing need of the development of the project subject to credit conditions. In addition, the local authorities shall strengthen the pre-sale fund management and improve their regulatory systems. For overpriced pre-sale commodity housing projects in breach of the guidance of the housing and urban-rural development department or the regulations on pre-sale fund, the approval and issuance of the pre-sale permits may be suspended.

We do not expect that such austerity measures to stabilize the property prices in China will have any material and adverse effect on our business operations and working capital sufficiency as such measures mainly target the residential property market, particularly the secondary residential property market in China.

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PRC TAXATION

PRC Deed Tax

Under the *Provisional Regulation on the Deed Tax of the People's Republic of China* (中華人民共和國契稅暫行條例) which took effect on October 1, 1997, deed tax applies to entities and individuals that accept the transfer of land-use rights and the ownership of houses within the territory of the PRC.

The transfer of land-use rights and the ownership of houses refer to the following acts:

- Assignment of the right to use state-owned land;
- Transfer of land-use rights, including the transfer by means of sale, gift and exchange, excluding the transfer of the right contract for the management of rural collective land;
- Purchase and sale of houses;
- Gift of houses; and
- Exchange of houses.

The transfer of land-use rights and the ownership of houses by the means of the following methods are also deemed to be governed by the above regulation, as stipulated by the *Implementation Rule of Provisional Regulation on the Deed Tax* (中華人民共和國契稅暫行條例細則):

- Using land-use rights and ownership of a house as investment;
- Setting off debt with land-use rights and the ownership of house;
- Obtaining land-use rights and the ownership of a house as a prize; and
- Obtaining land-use rights and the ownership of a house by the way of purchasing in advance.

The rate of deed tax will, within the range of 3-5%, be determined by the PRC government agencies of provincial, autonomous region and municipal level in light of the actual conditions of the underlying properties respective areas and shall be reported to the Ministry of Finance and the State Administration of Taxation.

The deed tax will be reduced or exempted under the following circumstances:

- For the acceptance of land and houses by state agencies, institutions, social organizations and military units for office, teaching, medical service, scientific research and military facilities, the deed tax will be exempted;
- For the initial purchase of state-owned residential houses by urban and township workers and staff members according to the provisions of relevant laws and regulations, the deed tax will be exempted;
- For the purchase of residential houses in replacement of houses damaged or destroyed due to force majeure, the tax will, upon approval, be reduced or exempted according to the circumstances; and

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- Any other types of reduction or exemption provided by the Ministry of Finance.

Reduction or exemption of deed tax will not be applicable if the relevant land or house and the change of use is no longer within the above mentioned scope, and an amount of tax equivalent to the tax reduction or exemption should be repaid.

On September 29, 2010, the Ministry of Finance, the Ministry of Construction and the State Administration of Taxation promulgated the *Notice on the Adjustment of the Deed Tax and Personal Income Tax Preferential Policies in Real Estate Transactions* (關於調整房地產交易環節契稅個人所得稅優惠政策的通知), which provides that deed tax rate is reduced to 1% for first-time individual buyer who purchases an ordinary residential property with a GFA of less than 90 sq.m. as the family's sole property.

Income Tax

According to the EIT Law enacted by the National People's Congress on March 16, 2007 and relevant implementation rules enacted by the State Council on December 6, 2007, both in effect from January 1, 2008 onwards, a uniform income tax rate of 25% will be applied towards PRC enterprises, foreign investment enterprises and foreign enterprises which have set up production and operation facilities in the PRC. The PRC EIT Law also permits enterprises to continue to enjoy their existing tax incentives, adjusted by certain transitional phase-out rules, under which enterprises that were subject to an EIT rate of 15% prior to January 1, 2008 may continue to enjoy the lower rate and gradually transition to the new EIT rate within five years after the effective date of the PRC EIT Law, that is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and the new statutory EIT rate of 25% from 2012 onwards. In addition, under the phase-out rules, enterprises established before the promulgation date of the PRC EIT Law and which were granted tax holidays (such as a two-year exemption and three years of reduction by 50% and a five-year exemptions and five years of reduction by 50%) under the then effective tax laws or regulations may continue to enjoy their tax holidays until their expiration.

Under the implementation rules of EIT Law, in effect from January 1, 2008, a withholding tax of 10% will be applicable to dividends paid by foreign-invested enterprises to foreign investors, unless otherwise stipulated in tax treaties concluded between Chinese government and other jurisdictions. However, due to *Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) on August 21, 2006, a company incorporated in Hong Kong will be subject to a withholding tax at a rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% interest or more in the PRC company. In addition, the PRC State Administration of Taxation promulgated a tax notice on October 27, 2009, or Circular 601, which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be used based on a "substance-over-the-form" principle to determine whether or not to grant tax treaty benefits.

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According to the implementation rules of the EIT Law, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such an enterprise may be recognized as a PRC tax resident enterprise and subject to EIT at the rate of 25%. According to the PRC EIT Law, dividends received by a qualified PRC tax resident enterprise from another qualified PRC tax resident enterprises are exempted from EIT.

On March 6, 2009, the State Administration of Taxation promulgated the *Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses* (房地產開發經營業務企業所得稅處理辦法), which regulates the revenue, cost of sales, fees deduction, accounting of costs and tax treatment of specific matters of enterprises engaging in the real estate business in the PRC in relation to the imposition of corporate income tax.

Business Tax

Pursuant to the *Provisional Regulation of the People’s Republic of China on Business Tax* (中華人民共和國營業稅暫行條例) enacted by the State Council on December 13, 1993 and revised on November 10, 2008, and its *Detailed Implementation Rules on the Provisional Regulation of the People’s Republic of China on Business Tax* (中華人民共和國營業稅暫行條例實施細則) issued by the Ministry of Finance on December 15, 2008 and revised on October 28, 2011, the tax rate on transfers of immovable properties, their superstructures and attachments is 5%.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation issued the *Notice on Adjusting the Business Tax Policy on Transfers of Residential Properties by Individuals* (關於調整個人住房轉讓營業稅政策的通知) to discourage speculative activities in the secondary property market and control soaring housing prices. For example, effective from January 28, 2011:

- transfers of residential properties by individuals who have held them for less than five years are subject to a business tax calculated on a gross basis;
- transfers of non-ordinary residential properties by individuals who have held them for five years or more are subject to a business tax calculated on a net basis; and
- transfers of ordinary residential properties by individuals who have held them for five years or more are exempted from the business tax.

Land Appreciation Tax

Under the LAT Regulation promulgated by the State Council on December 13, 1993 and revised on January 8, 2011, and its implementation rules, LAT applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land-use rights and the costs of land development and the construction of new buildings or related facilities. An

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exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such an exemption is not available and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

- Payment made to acquire land-use rights;
- Costs and expenses related to land development and the construction of the properties;
- Construction costs and charges in the case of newly constructed buildings and facilities or assessed value in the case of old buildings and structures;
- Taxes in connection with the transfer of real estate; and
- Other items stipulated by the Ministry of Finance (including 20% deduction of the first two items mentioned above in relation to property development).

LAT is charged at progressive rates ranging from 30% to 60% of the appreciation value (i.e., the balance as described above).

Appreciation value	LAT rates (%)
For the portion	
Not exceeding 50% of allowable deductions	30
Over 50% but not more than 100% of allowable deductions	40
Over 100% but not more than 200% of allowable deductions	50
Over 200% of allowable deductions	60

An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

According to the implementation rules of LAT Regulation, a provision of LAT may be made before the completions of construction of the tax payer transfers the proceeds of pre-sale. The provision rate may be determined by Local government subject to the minimum requirement set forth by the State Administrative of Taxation.

Urban Land-use Tax

Pursuant to the *Provisional Regulation Governing Land-Use Tax in Cities and Towns of the People's Republic of China* (中華人民共和國城鎮土地使用稅暫行條例) enacted by the State Council on September 27, 1988 and revised on December 31, 2006 and on January 8, 2011, land-use taxes in respect of urban land is to be levied according to the area of relevant land. The annual tax shall be between RMB0.2 and RMB10 per sq.m. of urban land. According to the *Approval on Land-Use Tax Exemption of Foreign Investment Enterprises* (關於外商投資企業徵免土地使用稅問題的批覆) issued by the State Administration of Taxation on March 27, 1997, land-use fees instead of land-use taxes were to be collected from foreign-invested

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enterprises. However, the *Provisional Regulation Governing Land-Use Tax in Cities and Towns of the People's Republic of China* (中華人民共和國城鎮土地使用稅暫行條例) was revised by the State Council on December 31, 2006. As of January 1, 2007, land-use taxes are to be collected from foreign-invested enterprise. The annual tax is between RMB0.6 and RMB30.0 per sq.m. of urban land. On June 1, 2007, the State Administration of Taxation promulgated the *Approval on Levy of Urban Land-Use Tax of Foreign Investment Enterprises and Foreign Enterprise* (關於外商投資企業和外國企業徵收城鎮土地使用稅問題的批覆) and restated the above points.

Real Estate Tax

Before January 1, 2009, there are two parallel tax systems in China for enterprises engaged in real estate development and investment in China. Such tax applicable for domestic enterprises, organizations and individuals is real estate tax which is calculated on the remaining original book value of the real estate after 10% to 30% deduction of the original book value depending on where the real estate is located, at a rate of 1.2%, or on the rental income derived by the real estate at a rate of 12% according to the *Provisional Rules on Real Estate Tax of the People's Republic of China* (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986. While foreign invested enterprises, foreign enterprises and foreign individuals are required to pay urban real estate tax on land and buildings owned by them in the urban areas of China. According to the *Provisional Rules on Urban Real Estate Tax of the People's Republic of China* (中華人民共和國城市房地產稅暫行條例) promulgated by the State Council on August 8, 1951, the urban real estate tax is charged at a rate of 1.5% annually based on standard prices for property or 15% annually based on rental income.

By issuance of *PRC State Council Order 546* (中華人民共和國國務院令2008第546號) on December 31, 2008, the State Council unifies the two parallel real estate tax systems by abolishing the urban real estate tax. Starting from January 1, 2009, all enterprises, organizations and individuals that own or use real estate in China shall subject to real estate tax by using the calculation method as mentioned in the *Provisional Rules on Real Estate Tax of the People's Republic of China* (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986.

Stamp duty

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

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Urban maintenance and construction tax and education surcharge

Under the *Provisional Regulation on Urban Maintenance and Construction Tax of the People's Republic of China* (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985, any taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Under the *Provisional Provisions on Imposition of Education Surcharge* (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and revised on June 7, 1990 and August 20, 2005, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge at a rate of 3% on the total amount of consumption tax, value-added tax and business tax paid by such entity, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the *Notice of the State Council on Raising Funds for Schools in Rural Areas* (關於籌措農村學校辦學經費的通知).

FOREIGN CURRENCY EXCHANGE

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise that used foreign currency in the normal course of its operations was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the Bank of China or other designated banks. Such conversion had to be effected at the official rate set up by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for and supply of the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center had to obtain an advanced approval from SAFE.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the *Notice of the PBOC Concerning Further Reform of the Foreign Currency Control System* (中國人民銀行關於進一步改革外匯管理體制的公告), effective on January 1, 1994 and revoked on August 28, 2009. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the settlement and payment system of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On June 20, 1996, the PBOC promulgated the *Regulation on the Administration of the Settlement, Sale and Payment of Foreign Exchange* (結匯、售匯及付匯管理規定), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

The principal regulation governing foreign currency exchange in the PRC is the *Regulation on the Control of Foreign Exchange* (the “Foreign Exchange Regulation”) (中華人民共和國外匯管理條例), promulgated by the State Council in January 1996, as amended in

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January 1997 and August 2008. Under the regulation, Renminbi are freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but are not freely convertible for capital expenditure such as direct investment, loans or investments in securities outside the PRC unless the approval of SAFE is obtained in advance.

Under the Foreign Exchange Regulation, foreign-invested enterprises in the PRC may purchase foreign currency for trade and service-related foreign exchange transactions without the approval of the SAFE by providing commercial documents evidencing these transactions. They may also remit foreign currency (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and remit foreign currencies in the future. In addition, foreign exchange transactions involving direct investment, loans and investments in securities outside the PRC are subject to limitations and require approvals from SAFE.

Pursuant to the *Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents* (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (“SAFE Circular No. 75”), issued by the SAFE on October 21, 2005, (i) a PRC resident is required to register with the local branch of SAFE before he or she establishes or controls an overseas special purpose vehicle, or overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident transfers assets of or equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such a PRC resident shall register his or her interest in the overseas SPV and the change thereof with the local branch of SAFE; and (iii) when the overseas SPV undergoes a material capital change event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of SAFE. Subsequently, SAFE issued guidance to its local branches with respect to the procedures for SAFE registration, which strengthens the supervision on registration pursuant to SAFE Circular No. 75 and imposes obligations on onshore subsidiaries of the overseas SPVs to coordinate with and supervise the relevant PRC residents to complete the registration.

Under SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in restrictions on a PRC subsidiary’s foreign exchange activities and impact its ability to distribute dividends to the overseas SPV. The failure may also result in such penalties as being ordered to remit the foreign exchange illegally paid out of China back into China, as well as the imposition of fines up to more than 30% but not more than such amount of foreign exchange illegally paid out.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the *Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market* (關於規範房地產市場外資準入和管理的意見) (the

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“171 document”). Under the 171 document, no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into RMB if the foreign-invested real estate corporations have not paid their registered capital in full, or have not obtained the land-use rights certificate, or their internal fund for a development project is less than 35% of the total investment.

In accordance with the 171 document, MOFCOM and SAFE jointly issued No. 50 Notice on May 23, 2007. Under the No. 50 Notice, the local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for foreign-invested real estate company who fails to satisfy the MOFCOM for filing requirement or to pass the joint annual examination of foreign-invested enterprises.

On July 10, 2007, the General Department of SAFE issued Circular No. 130. According to Circular No. 130, registration regarding the establishment of foreign-invested real estate enterprises shall be made with MOFCOM. However, such real estate enterprises with foreign investment as filed with MOFCOM will not be permitted to borrow money from overseas, including through shareholder loans and foreign commercial loans. Further, for those which fail to file with MOFCOM after June 1, 2007, neither foreign exchange registration, foreign exchange alteration registration nor sale and purchase of foreign exchange under capital account will be effected with SAFE or its branches.

The No. 130 Rule was abolished on May 13, 2013 by Notice No. 21 which was promulgated by SAFE on May 10, 2013. However, the restriction measures on the foreign debt of foreign-invested real estate enterprises stipulated in the No. 130 Rule have been reflected in Notice No. 19 issued by SAFE on April 28, 2013.

On August 29, 2008, SAFE issued the *Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises* (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the “Notice 142”) which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its supervision over the flow and use of Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise. An offshore holding company that uses foreign exchange to invest in real estate businesses in the PRC is typically required to conduct the real estate operations through PRC subsidiaries that were established as foreign-invested real estate companies and invest in such foreign-invested PRC subsidiaries through equity contribution. In addition, it is required to complete the requisite filing procedures with MOFCOM before it can remit any funds from offshore. The use of such Renminbi capital may not be changed without SAFE’s approval, and may not, in any case, be used to repay or prepay Renminbi loans if such loans have not been used. Violations of Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations.

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On February 15, 2012, SAFE issued the *Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company* (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) the (“Stock Incentive Plan Rules”), which terminated the *Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plan of Overseas Publicly-Listed Company* (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued by SAFE in March 2007. Under these rules, PRC citizens who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE and complete certain other procedures. Participants in a stock incentive plan who are PRC citizens must retain a qualified PRC domestic agent, which could be a PRC subsidiary of such overseas publicly-listed company that participates in the stock incentive plan or other qualified PRC domestic institution designated by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options and their purchase and sale of stocks.

According to the *Notice on Further Improving and Adjusting Management Policies on Foreign Exchange of Direct Investment* (關於進一步改進和調整直接投資外匯管理政策的通知) (the “Notice 59”), promulgated by the SAFE on November 19, 2012 and effective from December 17, 2012, foreign investors are no longer required to obtain approval from the SAFE to re-invest in China by using legal income generated in China. No approval from the SAFE is required for opening the bank account, payment into account, settlement of the foreign exchange and for the purchase and external payment of foreign exchange in relation to direct foreign investments in China. Also, domestic transfer of foreign exchange under direct investment account is no longer subject to approval by the SAFE. In addition, the foreign invested entities are permitted to remit funds to their offshore parent companies.

GOVERNMENT GRANTS

According to the *Budget Law of the People’s Republic of China* (中華人民共和國預算法), promulgated by the National People’s Congress on March 22, 1994 and effective from January 1, 1995, the budgets of the local governments at various levels shall be examined and approved by the people’s congresses at the corresponding levels. The governmental budgetary expenditures include: (1) expenditures for economic construction; (2) expenditures for the development of undertakings in education, science, culture, public health, recreation and etc.; (3) the administrative expenditures of the state; (4) expenditures for national defense; (5) expenditures for various subsidies; and (6) other expenditures. The implementation of the budgets of governments at various levels shall be organized by the governments at the corresponding levels, and the financial departments of the governments at the corresponding levels shall be in charge of actual implementation.

A local people’s congress at or above the county level has power to annul inappropriate resolutions made by the standing committee of the people’s congress at the corresponding level on budget or final accounts and has power to annul inappropriate decisions and orders made by the government at the corresponding level on budget or final accounts. The standing

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committee of a local people's congress at or above the county level has power to annul inappropriate decisions, orders and resolutions made by the government at the corresponding level or by the people's congress at the next lower level and its standing committee on budget or final accounts. The people's congress of a township, nationality township or town which has established budget has power to annul inappropriate decisions and orders made by the government at the corresponding level on budget or final accounts.

The State Council has power to annul inappropriate decisions and orders made by the local governments on budgets or final accounts. A local government at or above the county level has power to annul inappropriate decisions and orders made by the departments at the corresponding levels and the government at the next lower level on budget or final accounts.

LABOR PROTECTION

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) promulgated on June 29, 2007, and the *Implementation Rules of the Labor Contract Law of the People's Republic of China* (中華人民共和國勞動合同法實施條例) promulgated on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of an employment contract and the rights and obligations of the employees and the employers. At the time of hiring, the employer shall truthfully inform the employee as to the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employee requests to be informed about.

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

OUR HISTORY AND DEVELOPMENT

Our origins trace back to 1995, when Mr. Wong Choihing, our chairman, executive Director and chief executive officer, together with his siblings and their families (collectively, the “**Wang Family Group**”), first commenced the development of trade center projects in the PRC. Such projects were developed under the business name “Howard” (“豪德”) and held by various project companies established under PRC laws. Since 1995 and until 2010, the Wang Family Group has developed 19 trade center projects (the “**Howard Projects**”) in seven provinces in China. Our chairman, Mr. Wong, has therefore accumulated approximately 18 years of extensive experience in the trade center development industry.

Family Allocation

In the first half of 2010, given the management experience gained through the development of the Howard Projects, Mr. Wong, our chairman, perceived the potential to further expand the business by pursuing an overseas listing, which would provide opportunities to expand the shareholder base and gain access to capital markets for financing needs. Discussions commenced within the Wang Family Group regarding the listing plan and eventually in October 2010, Mr. Wang Dewen, Mr. Wang Quanguang, Mr. Wang Jianli, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheungtak decided to pursue the listing plan together with Mr. Wong, our chairman; while Mr. Wong’s other siblings, namely Mr. Wang Zhongsheng, Mr. Wang Changxing, Mr. Wong Cheunglee, Mr. Wang Qunli, Ms. Wang Guizhu, and their relevant family members (the “**Other Wang Family Members**”) chose to continue their existing businesses on their own without participating in the listing plan. Mr. Wong Choihing, Mr. Wang Dewen, Mr. Wang Quanguang, Mr. Wang Jianli, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheungtak became our Ultimate Controlling Shareholders. For details of the family relationships among our Ultimate Controlling Shareholders, please refer to the section headed “Relationship with Our Controlling Shareholders – Overview – Our Controlling Shareholders” in this prospectus.

To better define the ownership and management structures of the Howard Projects for the purpose of preparing for the listing, our Ultimate Controlling Shareholders further negotiated with the Other Wang Family Members and reached an agreement in October 2010 in respect of the allocation of interests in the Howard Projects (the “**Family Allocation**”). The Family Allocation was a complex, delicate process involving the allocation of assets or interests in the existing businesses among a group of closely connected family members, who decided to split up into two independent groups with diverging goals going forward. Under the special circumstances, no written agreements were entered into in respect of the Family Allocation and no valuation appraised by independent valuers was undertaken when negotiating the Family Allocation. Instead, the Wang Family Group placed their focus on more subjective, personal factors, such as (i) participation by each relevant member of the Wang Family Group in the management of the Howard Projects; (ii) historical overall allocation of work and contributions made by each relevant member of the Wang Family Group to the Howard Projects since their early development stages; and (iii) the desire for a more balanced distribution and/or level of wealth among the Wang Family Group. There was no monetary consideration involved in the allocation of the Howard Projects among the Wang Family Group pursuant to the Family Allocation.

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Under the Family Allocation, two trade center projects, namely the Ningxiang Trade Center and the Jining Trade Center, were allocated to our Ultimate Controlling Shareholders, which subsequently formed part of our Group. Allocation of the Ningxiang Trade Center and the Jining Trade Center into our Group was determined mainly taking into account that: (i) they were the only two projects for which all the directors and key senior management positions were taken up by our Ultimate Controlling Shareholders since the respective establishment date of their project companies and up to immediately prior to the Family Allocation, and (ii) at the time of the Family Allocation, both of the two projects were relatively new projects in the early development stage for Phase I whereas all the other Howard Projects were either completed or had at least completed Phase I of their development.

The entire interests in 14 other Howard Projects (the “**Excluded Howard Projects**”) were allocated to the Other Wang Family Members, and our Ultimate Controlling Shareholders agreed not to hold any interest or any management position in any of the Excluded Howard Projects. To the best knowledge of the Company, immediately prior to the Family Allocation, the Excluded Howard Projects were either completed or had at least completed Phase I of their development. The paid up capital of the project companies holding the Excluded Howard Projects was in the range of approximately RMB8.53 million and RMB100 million. The Excluded Howard Projects were located in 14 cities in the PRC with an aggregate completed GFA of approximately 3,650,000 sq.m. To the best knowledge of the Company, at the time of the Family Allocation, our Ultimate Controlling Shareholders were also not aware that (i) there was any past or ongoing litigation or third party dispute in connection with the Excluded Howard Projects, or (ii) any of the Excluded Howard Projects was loss making.

HISTORY AND CORPORATE STRUCTURE

The following table sets forth certain information regarding the Group's trade center projects, the Excluded Howard Projects and the Other Projects at July 31, 2013:

No.	Company Name	Trade Center	Location	Latest Development Status (as at July 31, 2013)	Functional/principal constituents	Approximate distance (km) from the Group's closest trade center in the province	Actual/estimate total saleable GFA (sq.m.) (as at July 31, 2013)	Saleable GFA (sq.m.) undelivered (as at July 31, 2013) ⁽¹⁾
THE GROUP'S TRADE CENTER PROJECTS								
1	Ningxiang Hydoo Guangcai Trade Center Development Company Limited	Ningxiang Trade Center	Ningxiang, Hunan Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Freight-forwarding market, Commercial and exhibition center, Warehouse, Bus terminal and information center, Serviced apartments, Hotel	N/A ⁽²⁾	417,937	153,690
2	Jining Hydoo Logistics Center Development Company Limited	Jining Trade Center	Jining, Shandong Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Shopping mall, Commercial center, Hotel, Warehouses, Serviced apartments, Office buildings, Residential area	N/A ⁽²⁾	1,196,374	969,559
3	Guangxi Yulin Modern Trade Center Development Company Limited	Yulin Trade Center	Yulin, Guangxi Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Shopping mall, Hotel, Serviced apartments, Office buildings	N/A ⁽²⁾	545,575	465,229
4	Ganzhou Logistics Park	Ganzhou Trade Center	Ganzhou, Jiangxi Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Shopping mall, Commercial and exhibition center, Food Street, Hotel, Warehouses, Bus terminal and shipping depot, Office buildings, Residential area	N/A ⁽²⁾	2,912,295	2,912,295
5	Mianyang West Modern Trade Center Development Company Limited	Mianyang Trade Center	Mianyang, Sichuan Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Commercial pedestrian street, Supporting buildings and facilities	N/A ⁽²⁾	312,481	312,481
6	Heze Hydoo Commercial and Trade Center Company Limited	Heze Trade Center	Heze, Shandong Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Shopping mall, Residential area, Office buildings, Supporting buildings and facilities	N/A ⁽²⁾	556,932	556,932
7	Xingning Hydoo Commercial and Trade Center Company Limited	Xingning Trade Center	Xingning, Guangdong Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Office buildings, Supporting buildings and facilities	N/A ⁽²⁾	194,804	194,804

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No.	Company Name	Trade Center	Location	Latest Development Status (as at July 31, 2013)	Functional/principal constituents	Approximate distance (km) from the Group's closest trade center in the province	Actual/estimate total saleable GFA (sq.m.) as at July 31, 2013	Saleable GFA (sq.m.) undelivered (as at July 31, 2013) ⁽¹⁾
8	Wuzhou Hydoo Commercial and Trade Center Development Company Limited	Wuzhou Trade Center	Wuzhou, Guangxi Province	Please refer to "Business – Our Trade Center Projects"	Wholesale trading markets, Commercial and exhibition center, Shopping mall, Residential area, Office buildings, Hotel, Supporting buildings and facilities	N/A ⁽²⁾	899,122	899,122
9	Yantai Hydoo	Yantai Trade Center	Yantai, Shandong Province	Properties to be developed	N/A ⁽³⁾	N/A ⁽²⁾	240,000	240,000
10	Lanzhou Hydoo Commercial and Trade Center Company Limited	Lanzhou Trade Center	Lanzhou, Gansu Province	Properties to be developed	N/A ⁽³⁾	N/A ⁽²⁾	600,000	600,000
EXCLUDED HOWARD PROJECTS⁽⁵⁾								
1	Ji'an Commercial and Trade Center Development Company Limited	Ji'an Trade Center	Ji'an, Jiangxi Province	Completed	Wholesale trading market, residential complex and storage	189 km	356,964.66	–
2	Yichun Commercial and Trade Center Development Company Limited	Yichun Trade Center	Yichun, Jiangxi Province	Completed	Wholesale trading market and commercial and residential building	318 km	138,405.82	–
3	Fuzhou Howard Commercial and Trade Center Development Company Limited	Fuzhou Trade Center	Fuzhou, Jiangxi Province	Completed	Wholesale trading market and commercial building	394 km	150,985.83	–
4	Kaifeng Howard Commercial and Trade Center Development Company Limited	Kaifeng Trade Center	Kaifeng, Henan Province	Completed	Wholesale trading market, bus station and commercial and residential complex	N/A ⁽⁴⁾	179,224.10	–
5	Jingdezhen Howard Commercial and Trade Center Development Company Limited	Jingdezhen Trade Center	Jingdezhen, Jiangxi Province	Completed	Wholesale trading market and bus station	576 km	184,981.25	–
6	Baotou Howard Commercial and Trade Center Development Company Limited	Baotou Trade Center	Baotou, Inner Mongolia Province	Completed	Wholesale trading market and residential complex	N/A ⁽⁴⁾	236,665	–
7	Weifang Howard Commercial and Trade Center Development Company Limited	Weifang Trade Center	Weifang, Shandong Province	Phase 1 and Phase 2 completed	Wholesale trading market, bus station, storage and freightforwarding market	252 km	471,869.96	–
8	Yuncheng Howard Commercial and Trade Center Development Company Limited	Yuncheng Trade Center	Yuncheng, Shanxi Province	Phase 1 completed	Wholesale trading market and commercial building	N/A ⁽⁴⁾	441,918.76	–
9	Chaoyang Howard Commercial and Trade Center Development Company Limited	Chaoyang Trade Center	Chaoyang, Liaoning Province	Completed	Wholesale trading market, shopping mall, service apartment and storage	N/A ⁽⁴⁾	245,293.63	–
10	Shuozhou Howard Commercial and Trade Center Development Company Limited	Shuozhou Trade Center	Shuozhou, Shanxi Province	Completed	Wholesale trading market, bus station, commercial and residential building and shopping mall	N/A ⁽⁴⁾	409,338	–
11	Linyi Howard Guangcai Commercial and Trade Center Development Company Limited	Linyi Trade Center	Linyi, Shandong Province	Phase 1 completed	Wholesale trading market	228 km	269,520.40	–
12	Jincheng Howard Guangcai Commercial and Trade Center Development Company Limited	Jincheng Trade Center	Jincheng, Shanxi Province	Phase 1 completed	Wholesale trading market and storage	N/A ⁽⁴⁾	204,109.35	–

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No.	Company Name	Trade Center	Location	Latest Development Status (as at July 31, 2013)	Functional/principal constituents	Approximate distance (km) from the Group's closest trade center in the province	Actual/estimate total saleable GFA (sq.m.) (as at July 31, 2013)	Saleable GFA (sq.m.) undelivered (as at July 31, 2013) ⁽¹⁾
13	Binzhou Howard Commercial and Trade Center Development Company Limited	Binzhou Trade Center	Binzhou, Shandong Province	Phase I completed	Wholesale trading market	362 km	233,815.02	–
14	Laiwu Howard Modern Commercial and Trade Development Company Limited	Laiwu Trade Center	Laiwu, Shandong Province	Phase I completed	Wholesale trading market	205 km	128,047.38	–
OTHER PROJECTS (Projects currently undertaken by the Other Wang Family Members and developed after the Family Allocation)⁽⁵⁾								
1	Pingdu Howard Caifu Commercial and Trade Center Development Company Limited	Pingdu Trade Center	Pingdu, Shandong Province	Phase I in progress	Commodity conferences, storage logistics, leisure, entertainment, office	180 km	1,400,000	–
2	Quxian Changde Commercial and Trade Center Development Company Limited	Quxian Trade Center	Quxian, Sichuan Province	Phase I in progress	Home building materials, exhibition centers, shopping centers, car exhibition center, appliance stores, agricultural commodity trading, hotels	304 km	–	–
3	Huichun Changde International Commercial and Trade Center Development Company Limited	Huichun Trade Center	Huichun, Jilin Province	Phase I in progress	Specialized market development, commercial trading (includes foreign trading), logistics, product exhibition, e-commerce, entertainment, tourism and shopping, residential	N/A ⁽⁴⁾	520,000	–
4	Zhangpu Changde Commercial and Trade Center Development Company Limited	Zhangpu Trade Center	Zhangpu, Fujian Province	Phase I in progress	Commodity trading, warehousing, distribution, information services, financial services, quality inspection, billing summary, commercial offices, residential	N/A ⁽⁴⁾	350,000	–

Notes:

- (1) Information on the saleable GFA undelivered for the Excluded Howard Projects and the Other Projects is not provided as the Company is not privy to such information, and such information is not publicly available.
- (2) Not applicable for the Group's projects.
- (3) Information is not available at this stage as the property is yet to be developed.
- (4) The Group does not have any trade center projects in this province.
- (5) The information on the Excluded Howard Projects after the Family Allocation and the information on the Other Projects are based upon publicly available information to the best knowledge of the Company.

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Apart from the above information, our Company considers it reasonable and appropriate not to include the financial results of the Excluded Howard Projects for the period after the Family Allocation in this prospectus for the reasons that (i) the Excluded Howard Projects have been controlled, managed and operated by the Other Wang Family Members since the Family Allocation; (ii) the Other Wang Family Members do not have any obligation to provide the financial information to our Group, or to allow those information to be disclosed in any public document to be issued by our Group; and (iii) the information, even if provided by the Other Wang Family Members, has not been and could not be independently verified by our Company and it could be incomplete or selective, the disclosure of which would be misleading to the investors.

Other than the Ningxiang Trade Center and the Jining Trade Center and the Excluded Howard Projects, there remains three Howard Projects (the “**Remaining Howard Projects**”). As the project companies holding the Remaining Howard Projects were already deregistered, these projects were neither allocated to our Ultimate Controlling Shareholders, nor to the Other Wang Family Members, under the Family Allocation. These project companies were de-registered because after completion of Phase I of the projects and sale of all the units under the projects, the senior management teams of those projects assessed and concluded that they had no further plan of developing the Remaining Howard Projects. The de-registration was conducted on a voluntary basis and not as a result of any liquidation or winding up procedures initiated by creditors or other stakeholders.

In addition, as part of the Family Allocation, the Other Wang Family Members agreed and confirmed that (i) they did not and will not have any disagreements or disputes as to the equity interests held by our Ultimate Controlling Shareholders in our Company and any members of our Group; (ii) they did not and will not hold any interests in any existing or future projects held by our Group; and (iii) they did not and will not have any claims in any assets, interests and business operations of our Group (the “**Other Wang Family Members’ Confirmation**”). Other than the Family Allocation, there were no other agreements entered into between our Ultimate Controlling Shareholders and the Other Wang Family Members in respect of the development and operations of trade center projects.

The Company’s PRC legal adviser, Global Law Office, advised that (a) the titles to the Ningxiang Trade Center and the Jining Trade Center were duly transferred to the Company’s wholly-owned subsidiary, Hydoo Estate (Ganzhou), in compliance with the applicable PRC laws and regulations, and registered with the relevant competent authorities; (b) upon January 29, 2013, the titles of all of the Excluded Howard Projects were duly transferred to the Other Wang Family Members and/or their designated persons and registered with the relevant competent authorities; (c) the Other Wang Family Members’ Confirmation is legal and enforceable under the PRC laws and regulations; and (d) for those Excluded Howard Projects which were still at the development stage prior to the decision to conduct the Family Allocation, i.e. prior to October 2010, none of them had been involved in any material regulatory non-compliance prior to the Family Allocation.

Independence from the Other Wang Family Members upon Family Allocation

Prior to the Family Allocation, our Ultimate Controlling Shareholders and the Other Wang Family Members developed the Howard Projects together. During the period from 1995 to 2010, each of the Howard Projects was developed by a designated project company established

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under PRC laws. Such project companies were normally established by different combinations of the relevant members in the Wang Family Group (including our Ultimate Controlling Shareholders and the Other Wang Family Members), and each project was initially funded by the paid-up share capital of its designated project company provided by the relevant members in the Wang Family Group. In addition, each of the Howard Projects was managed by a team of directors and senior management members which consisted of different members from the Wang Family Group, including our Ultimate Controlling Shareholders. To maintain efficient management and operation of the Howard Projects, certain personnel (such as project design and sales and marketing department managers) were shared among the Howard Projects, to the extent possible, prior to the Family Allocation. However, the involvement of such personnel in the Excluded Howard Projects and the projects allocated to the Group (the “**Allocated Projects**”) was not simultaneous, as the Excluded Howard Projects and the Allocated Projects had different construction periods. For the avoidance of doubt, such sharing did not extend to sharing of any financial or operational resources (including offices, office equipment, loans, financial systems etc.) among the Howard Projects.

However, immediately upon the Family Allocation, the Excluded Howard Projects have been and will continue to be operated independently from our Group in terms of finance, operation and management. Apart from the Excluded Howard Projects, neither our Group, nor our Ultimate Controlling Shareholders have ever participated in the development of any other trade center projects in the PRC currently undertaken by the Other Wang Family Members (the “**Other Projects**”). Based on the publicly available information, to the best knowledge of the Company, there are four Other Projects which were developed after the Family Allocation and up to the Latest Practicable Date. Since the Family Allocation, any sharing of management resources between our Ultimate Controlling Shareholders and the Other Wang Family Members for the development of the Howard Projects ceased, and there was no transaction between our Group and the Other Wang Family Members in respect of the Excluded Howard Projects, the Other Projects and/or the projects held by our Group. In light of these, our Group and the Other Wang Family Members are and will continue to be two independent groups in the business of trade center development in the PRC.

Furthermore, our Directors decided that, to further enhance the core business of our Group and differentiate the business of our Group from that of Other Wang Family Members, we should develop and operate our trade center projects under the brand name “Hydoo” (毅德). As a result, we have developed all of our new trade center projects under our brand name “Hydoo” (毅德).

In light of (i) the confirmations and undertakings under the Other Wang Family Members’ Confirmation; and (ii) that, since the Family Allocation, our Ultimate Controlling Shareholders and the Other Wang Family Members have been and will continue to develop the trade center business in the PRC independently from each other, our Directors are of the view that any competition from the Other Wang Family Members posed to our Group in connection with the trade center development business in the PRC is in essence not different from the potential competition from any independent third party developers in the same industry.

Further to the above, the Company does not consider any competition existing between the projects held by the Group and the Excluded Howard Projects as well as the Other Projects held by the Other Wang Family Members in terms of their geographical locations, target

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customers or development status because: (1) Although both our Group and the Other Wang Family Members have trade center projects in Jiangxi and Shandong provinces, our Group's projects and the Other Wang Family Members' projects are located in different cities in the same province with substantial physical distance from each other. In addition, the Excluded Howard Projects in Jiangxi and Shandong provinces were either completed or had at least completed Phase I prior to the Family Allocation while our projects in those two provinces are in the process of developing Phase I or still at the preliminary development stage. (2) Furthermore, based on the publicly available information, to the best knowledge of the Company, two of the four Other Projects are located in Shandong and Sichuan provinces, respectively, which are geographically distant from our current projects in those provinces, and the remaining two Other Projects are not located in the same provinces as any of our current projects. (3) In addition, the target customers of the Group's wholesale trading market units are small and medium-sized enterprises with a confined scale of business and focus on the operation of their local business. Given the trade center projects held by our Group and the Other Wang Family Members are either located in different provinces or geographically distant from each other even within the same provinces, the customers for the trade center projects held by our Group and the Other Wang Family Members are in fact different groups of customers with different geographical focuses.

In addition to the above, there are adequate corporate governance measures already in place to manage any potential conflict of interest situations as well as to safeguard our Group's interest against the Controlling Shareholders pursuant to the terms of the Deed of Non-Competition. Please refer to the section headed "Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Management Independence" for the arrangements applicable to an interested Director in case of a potential conflict of interest, and the section headed "Relationship with Our Controlling Shareholders – Corporate Governance Measures" for the detailed measures to manage any potential conflicting transactions. As such, our Directors take the view that no further corporate governance measures are necessary to manage existing and potential competition and conflict of interest between our Ultimate Controlling Shareholders and the Other Wang Family Members.

Establishment of corporate platform for Listing

Following the Family Allocation, our Company was incorporated on October 19, 2010 as an exempted company with limited liability under the laws of the Cayman Islands. At the time of the establishment, our Company was wholly-owned by Most Trend, which was then 80% held by Mr. Wong Choihing and 20% held by Mr. Wang Quanguang. On July 5, 2011, Hony Capital invested in our Company, through its wholly-owned subsidiary, Top Amuse. Further details regarding the investment is set out in the paragraph headed "Our Corporate Developments – 1. Investment by Hony Capital in our Company" in this section below.

In preparation for the listing, our Ultimate Controlling Shareholders also took other steps to set up an appropriate corporate platform. Having considered that the Wang Family Group's origin and their property development business started in Ganzhou, and that Hydoo Estate (Ganzhou) is a wholly foreign owned enterprise ("WFOE") established by Hydoo HK in 2002

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(which is therefore not subject to the restrictions under the Decision of MOFCOM on the Merger or Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定)), it was considered suitable to use Hydoo Estate (Ganzhou), instead of establishing a new WFOE, as part of the listing platform as well as the key onshore holding company of the other PRC subsidiaries in the proposed listing group.

As a result, on December 7, 2010, our Company acquired the entire equity interest in Hydoo HK from Hong Kong Howard Group Company Limited, Mr. Wong Choihing and Mr. Wang Quanguang for an aggregate consideration of HK\$100,000, which was determined with reference to the then registered share capital of Hydoo HK, and as such, Hydoo HK became our immediate holding company. Following this, Hydoo Estate (Ganzhou), which is wholly-owned by Hydoo HK, also became a wholly-owned subsidiary of our Company.

Prior to this acquisition, Hydoo Estate (Ganzhou) is the project company which developed (i) Shui'an Xintian, a residential complex located in the Zhanggong district of Ganzhou, in 2005, and (ii) Haode Yinzuo, a high-end residential, commercial and office building project in the Zhanggong district of Ganzhou, in 2008. Following the acquisition of Hydoo Estate (Ganzhou) by our Company, the interest in Shui'an Xintian and Haode Yinzuo, which were the only two residential projects held by Hydoo Estate (Ganzhou), were also injected into our Group. The development of these two projects has been managed by the then general manager of Hydoo Estate (Ganzhou), Mr. Wang Quanguang, one of our Ultimate Controlling Shareholders. Although Shui'an Xintian and Haode Yinzuo were residential and/or commercial property developments, our Directors confirmed that our Group has been focusing on development of trade center projects in the PRC since the commencement of the Track Record Period, which is clearly demonstrated by the commencement of construction of the Ningxiang Trade Center and the Jining Trade Center in 2010 and the development of various new trade center projects, including the Yulin Trade Center, the Mianyang Trade Center, the Ganzhou Trade Center and the Wuzhou Trade Center, and that there were no other non-trade center projects.

Jining Hydoo Modern Industrial Company Limited and Ningxiang Hydoo Guangcai Trade Center Development Company Limited were acquired by Hydoo Estate (Ganzhou) on March 29, 2011 for RMB30 million and on May 18, 2011 for RMB60 million, respectively. Upon completion of these two acquisitions, all our PRC subsidiaries (except for those who were subsequently established) were injected into our Group. Further details of our subsidiaries in our Group are set out in the paragraph headed "Our Group Companies" below in this section.

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OUR MILESTONES

The key business milestones and material developments of our Group are:

Year	Events
1995	Mr. Wong Choihing, our chairman, commenced the development of the first trade center project in Ganzhou
2009	We entered into master investment agreements with respect to the Ningxiang Trade Center and the Jining Trade Center
2010	Our Company was established in 2010 We first acquired land-use rights with respect to the Ningxiang Trade Center and the Jining Trade Center We entered into master investment agreements with respect to the Yulin Trade Center and the Mianyang Trade Center We commenced the construction work at the Ningxiang Trade Center and the Jining Trade Center
2011	We entered into master investment agreements with respect to the Ganzhou Trade Center Hony Capital invested a total of US\$80 million in our Company and is one of our Pre-IPO Investors
2012	We entered into master investment agreements with respect to the Wuzhou Trade Center, the Heze Trade Center and the Xingning Trade Center Ping An Hawking Fund, Creat and Zhenshuo became our 2012 Pre-IPO Investors We acquired land-use rights with respect to the Yulin Trade Center, the Mianyang Trade Center and the Ganzhou Trade Center
2013	We acquired land-use rights with respect to the Wuzhou Trade Center, the Heze Trade Center and the Xingning Trade Center We entered into master investment agreements with respect to the Lanzhou Trade Center and the Yantai Trade Center

OUR CORPORATE DEVELOPMENTS

1. Investment by Hony Capital in our Company

On June 18, 2011, our Company, Most Trend and Mr. Wong Choihing, among others, entered into a share purchase agreement with Top Amuse, a wholly-owned subsidiary of Hony Capital (the “**Hony Share Purchase Agreement**”), pursuant to which our Company issued 12,500 preferred shares of US\$1.00 each, representing 20% of the then enlarged issued capital of our Company (on an as-converted basis), to Top Amuse, for a consideration of US\$80

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million (the “**Hony Capital Subscription Price**”), which was settled on July 11, 2011. Such consideration was determined on an arm’s length basis with regard to the then fair value of the project companies, the development stage of the project companies, as well as their development potentials and prospects. Upon completion of this investment (the “**Hony Investment**”), Hony Capital, through Top Amuse, became a shareholder of our Company on July 5, 2011.

Further details regarding the Hony Investment are set out in the paragraph headed “Pre-IPO Investments” below in this section.

2. Changes in the shareholding of Most Trend

On August 8, 2011 and September 21, 2011, Mr. Wang Quanguang, Mr. Wang Jianli, Mr. Wang Dwen, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheungtak acquired shares in Most Trend for a nominal consideration. As at September 21, 2011, these shareholders and their respective shareholdings in Most Trend were as follows:

Name of shareholder	Number of shares in Most Trend	Percentage of shareholding in Most Trend
Wong Choihing	5,920	59.2%
Wang Quanguang.	300	3.0%
Wang Jianli	818	8.2%
Wang Dwen	1,120	11.2%
Wang Desheng.	526	5.3%
Wang Dekai.	640	6.4%
Huang Dehong.	526	5.3%
Wong Sheungtak	150	1.5%
	<u>10,000</u>	<u>100.0%</u>

3. Transfer of our shares to Eminent Ascend and Perfect Partner

On June 28, 2012, pursuant to a board resolution dated June 25, 2012, Most Trend transferred 6,250 shares of US\$1.00 each to Eminent Ascend which is a company wholly-owned by Mr. Wong Kim, a son of Mr. Wong Choihing, for a nominal consideration. The share interest held by Mr. Wong Kim, through Eminent Ascend, will not be counted as part of the public float upon Listing and Mr. Wong Kim will be deemed as one of the Controlling Shareholders.

Our chairman, Mr. Wong Choihing and Mr. Wu Bo have known each other since 2007. Around 2010, after learning from Mr. Wong about the plan to eventually list the trade center development business, Mr. Wu became interested in making a direct investment into our Group. On July 15, 2010, Mr. Wong and Mr. Wu entered into an agreement pursuant to which Mr. Wu agreed to purchase shares equal to approximately 1.25% of the vehicle to be set up for the listing purpose for a total consideration of RMB2.5 million. Such consideration was reached

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on an arm's length basis and was settled in full by Mr. Wu in July 2010. As Mr. Wu was contemplating to change his PRC resident status at that time, it was mutually agreed that a total of 625 shares of US\$1.00 each were to be held by Mr. Wong (through Most Trend) on trust for Mr. Wu until after completion of the change. Subsequently, Mr. Wu decided not to change his resident status and he instructed Mr. Wong to transfer the 625 shares of US\$1.00 each from Most Trend to Perfect Partner, an entity wholly-owned by Mr. Wu, on June 25, 2012. The acquisition of the 625 shares of US\$1.00 each by Mr. Wu is an equity investment in our Company prior to his joining as our chief financial officer. As Mr. Wu, being one of our chief executives, is a connected person, the Shares held by him will not be counted as part of our Company's public float so long as Mr. Wu remains a connected person.

As at June 28, 2012, prior to our Reorganization, the shareholding structure of our Company was as follows:

Beneficial owner	Legal owner	Number of shares/preferred shares of par value US\$1.00 each	Percentage of shareholding in our Company on a fully-diluted basis ⁽¹⁾
Our Ultimate Controlling			
Shareholders	Most Trend	43,125	69%
Hony Capital	Top Amuse	12,500	20%
Mr. Wong Kim.	Eminent Ascend	6,250	10%
Mr. Wu Bo	Perfect Partner	625	1%
		62,500	100%

Note:

(1) Assuming the ratio for conversion of the preferred shares into shares is 1:1.

4. Acquisition of 79% interest in Ganzhou Logistics Park

In around December, 2011, our Company was invited by the Ganzhou municipal government to participate in its proposed project to develop a trade and logistic center in the Ganzhou area. Through the Ganzhou municipal government, we were first introduced to China Metro-Rural Holdings Limited ("**China Metro-Rural**"), which is a company incorporated in the BVI with shares listed on the NYSE and principally engaged in the development and operation of integrated agricultural logistics platforms in the PRC, and an Independent Third Party. Upon the completion of our preliminary due diligence, we recognized the potential of this proposed project and decided to pursue the investment together with China Metro-Rural. At that time, it was agreed that China Metro-Rural would take a controlling stake and a lead management role in this project through its wholly-owned subsidiary, Shenzhen Northeast Commercial and Trade Company Limited ("**Shenzhen Northeast**"), and our Group would participate as a minority shareholder, through Hydoo HK. Therefore, on February 6, 2012, an application was lodged to the Bureau of Commence of Ganzhou Development Zone to establish Ganzhou Logistics Park for which Shenzhen Northeast and Hydoo HK agreed to hold 99% and 1% equity interest therein, respectively. After approximately one month (the "**Application Period**"), Ganzhou Logistics Park was formally established on March 5, 2012.

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During the Application Period, China Metro-Rural informed our Company of its decision to take on a minority role in the project instead due to a change in its investment plans. At the same time, we also completed comprehensive due diligence of the project and concluded that it would be in the interest of our Company to take on the role of majority shareholder in Ganzhou Logistics Park. Under this circumstance, we further negotiated with China Metro-Rural which eventually led to the mutual agreement of China Metro-Rural transferring its 79% interest in Ganzhou Logistics Park to Hydoo Estate (Ganzhou). An equity transfer agreement was signed on March 14, 2012, between Hydoo Estate (Ganzhou) and Shenzhen Northeast, pursuant to which Hydoo Estate (Ganzhou) acquired 79% of the equity interest in Ganzhou Logistics Park from Shenzhen Northeast for a consideration of RMB632 million. Such consideration was determined on an arm's length basis, with reference to the registered capital of Ganzhou Logistics Park, which was agreed by both parties as its fair value at that time. We obtained approval for this transfer from the Bureau of Commerce of Ganzhou Development Zone on March 20, 2012. Upon completion of this transfer, Hydoo Estate (Ganzhou), Shenzhen Northeast and Hydoo HK, held 79%, 20% and 1% of the equity interests, respectively, in Ganzhou Logistics Park. The articles of association of Ganzhou Logistics Park, which was signed during the Application Period, provided that China Metro-Rural was entitled to appoint one out of four directors and the Group has the right to appoint the remaining three board seats of Ganzhou Logistics Park. As such, Ganzhou Logistics Park has been accounted for as the Company's subsidiary since its establishment on March 5, 2012.

As China Metro-Rural is independent from our Group, our Group neither had any direct knowledge, nor was offered any detailed reasons by China Metro-Rural, as to why China Metro-Rural had changed its investment plan. To the best knowledge of the Company, such change was an internal decision made by China Metro-Rural and was not due to any adverse issues identified in respect of the project itself.

5. Transfer of 60% equity interest in Ganxian Howard Highway Construction

Pursuant to a joint venture agreement dated April 6, 2002 between Hydoo HK and Ganxian Meilin Bridge Development Company Limited ("**Ganxian Meilin**"), an Independent Third Party, Ganxian Howard Highway Construction Company Limited ("**Ganxian Howard Highway Construction**") was established on May 15, 2002 and was 60% held by Hydoo HK and 40% held by Ganxian Meilin. Ganzhou Howard Highway Construction is principally engaged in the business of bridge development and toll collection for the Ganzhou Meilin bridge. As the business of Ganxian Howard Highway Construction did not align with our business, Hydoo HK transferred its entire equity interest in Ganxian Howard Highway Construction to Ever Tech Investments Limited ("**Ever Tech**") on September 30, 2011. The consideration of US\$4.65 million was determined on an arm's length basis with regard to the then fair value of Ganxian Howard Highway Construction. Upon completion of the transfer on June 28, 2012, Hydoo HK no longer holds any equity interest in Ganxian Howard Highway Construction. At the time of the transfer, Ever Tech was a related party of our Group as Ever Tech was wholly-owned by two of our Ultimate Controlling Shareholders, Mr. Wong Choihing and Mr. Wang Quanguang, and both of them were the only directors of Ever Tech. In order to divest any interest in companies not within our Group in preparation for Listing, Mr. Wong and Mr. Wang transferred the entire equity interest in Ever Tech to an Independent Third Party and resigned as directors in October 2012, and since then, Ever Tech ceased to be a related party of our Group.

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OUR GROUP COMPANIES

Prior to our Reorganization, our Company had one direct wholly-owned subsidiary, 13 indirect wholly-owned subsidiaries and one indirect non-wholly-owned subsidiary.

Hydoo HK

Hydoo HK was established by Mr. Wong Choihing and Mr. Wang Quanguang, two of our Ultimate Controlling Shareholders, on January 18, 2002, as an investment vehicle. At the time of establishment, Hydoo HK was held as to 52% by Mr. Wong Choihing and 48% by Mr. Wang Quanguang. Subsequent to several equity transfers, since June 23, 2008, Hydoo HK was held by Mr. Wong Choihing as to 45%, Mr. Wang Quanguang as to 45% and Hong Kong Howard Group Company Limited as to 10% until it was transferred to our Company.

Hong Kong Howard Group Company Limited was established in Hong Kong on August 26, 1993 as an investment vehicle. At the time of establishment, Mr. Wong Cheunglee, one of the Other Wang Family Members, and Chan Lik, an independent third party, each held 50% of the equity interest in Hong Kong Howard Group Company Limited. After several equity transfers, it was 30% held by Mr. Wong Cheunglee, 20% held by Mr. Wang Quanguang and 50% held by Mr. Wong Choihing at the time of acquisition of Hydoo HK by our Company.

Hydoo HK has an authorized share capital of HK\$10,000,000, divided into 10,000,000 shares of HK\$1.00 each and prior to our Reorganization, was the direct wholly-owned subsidiary of our Company and the holding company of Hydoo Estate (Ganzhou) and Jining Hydoo Modern Logistics.

Hydoo Estate (Ganzhou)

Hydoo Estate (Ganzhou) was a wholly foreign owned enterprise established by Hydoo HK in the PRC on July 16, 2002. The initial amount of registered capital upon incorporation was US\$6,050,000 which was fully paid up. Prior to our Reorganization, Hydoo Estate (Ganzhou) was the holding company of all of our PRC subsidiaries other than Jining Hydoo Modern Logistics. Please refer to the sub-section headed “Our History and Development – Establishment of Corporate Platform for Listing” for further details regarding the two projects held by Hydoo Estate (Ganzhou) immediately prior to its acquisition by our Company.

Jining Hydoo Modern Logistics

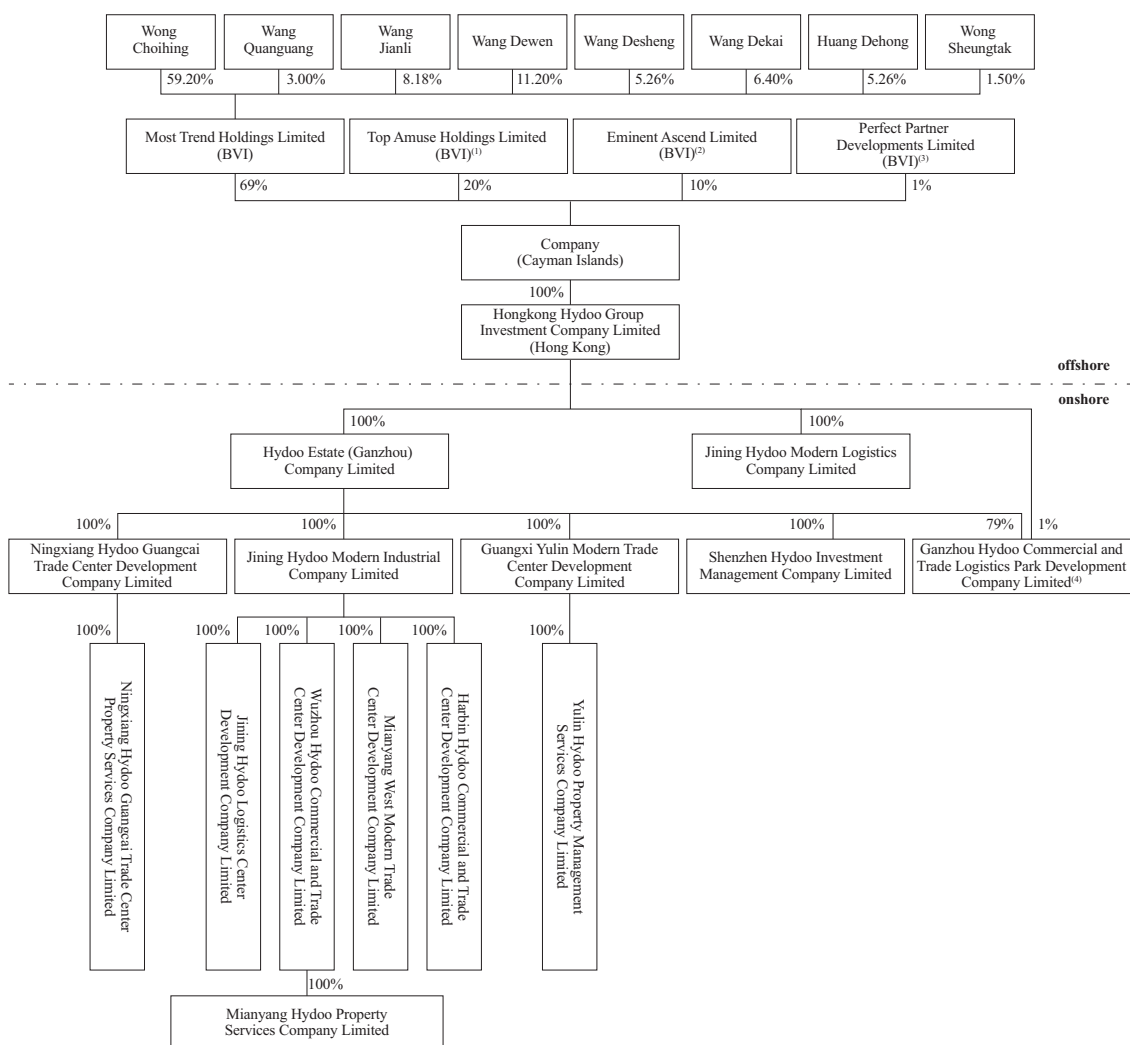
Jining Hydoo Modern Logistics was incorporated in the PRC on September 2, 2011 as a limited liability company. The initial amount of registered capital upon incorporation was US\$30,000,000 which was fully paid up.

Details of our other PRC subsidiaries are set out in the section headed “Statutory and General Information – A. Further Information about our Group – 2. Subsidiaries” in this prospectus.

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REORGANIZATION

Beginning in September 2012, we underwent the Reorganization in preparation for the Listing. The following chart shows the shareholding structure and corporate structure of our Group immediately prior to our Reorganization (assuming all the preferred shares with a par value of US\$1.00 each held by Top Amuse have been converted into shares with a par value of US\$1.00 each on a one for one basis):



Notes:

- (1) Top Amuse (BVI) is wholly-owned by Hony Capital.
- (2) Eminent Ascend (BVI) is wholly-owned by Mr. Wong Kim.
- (3) Perfect Partner (BVI) is wholly-owned by Mr. Wu Bo.
- (4) Ganzhou Logistics Park is owned as to 20% by Shenzhen Northeast, which is wholly-owned by China Metro-Rural Limited, an Independent Third Party.

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Our Reorganization comprised the following steps:

(1) 2012 Pre-IPO Investments and increase in the authorized share capital of our Company

For the purpose of issuing and allotting Shares to the 2012 Pre-IPO Investors pursuant to the 2012 Pre-IPO Investment Agreements, our Company's shareholders passed two written resolutions on November 22, 2012 and December 21, 2012 to increase the authorized share capital of our Company from US\$62,500 divided into 50,000 shares with a par value of US\$1.00 per share and 12,500 preferred shares with a par value of US\$1.00 per preferred share to US\$67,703 divided into 55,203 shares with a par value of US\$1.00 per share and 12,500 preferred shares with a par value of US\$1.00 per preferred share, by the creation of an additional of 5,203 shares with a par value of US\$1.00 per share.

Our Company, Most Trend, our Ultimate Controlling Shareholders and Eminent Ascend (as pledgor) entered into an investment agreement with Ping An Hawking Fund on November 8, 2012 (the "**Ping An Hawking Fund Investment Agreement**"), and a supplemental investment agreement with Ping An Hawking Fund on December 5, 2012 (the "**Supplemental Ping An Hawking Fund Investment Agreement**"), pursuant to which Ping An Hawking Fund subscribed for an aggregate of 2,031 shares with a par value of US\$1.00 each for a total consideration of HK\$178 million (the "**Ping An Hawking Fund Subscription Price**"). All such 2,031 shares were fully paid up.

On December 10, 2012, our Company, Most Trend and our Ultimate Controlling Shareholders entered into (i) an investment agreement with Creat (the "**Creat Investment Agreement**"), pursuant to which Creat subscribed for 2,156 shares with a par value of US\$1.00 each for a consideration of HK\$188.976 million and (ii) an investment agreement with Zhenshuo (the "**Zhenshuo Investment Agreement**"), pursuant to which Zhenshuo subscribed for 1,016 shares with a par value of US\$1.00 each for a consideration of HK\$89 million. All of the shares subscribed by Creat and Zhenshuo were fully paid up.

Immediately following the completion of the 2012 Pre-IPO Investments, each of Ping An Hawking Funds, Creat and Zhenshuo held 3.000%, 3.185% and 1.501% of the then issued share capital of the Company (assuming all the preferred shares with a par value of US\$1.00 each held by Top Amuse have been converted into shares with a par value of US\$1.00 each on a one-for-one basis).

Further details on the 2012 Pre-IPO Investments are set out in the paragraph headed "Pre-IPO Investments" in this section below.

(2) Transfer of 100% equity interest in Harbin Trade Center Company

In October 2011, our Group and China South City Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1668)) ("**CSC**") were invited by the Harbin municipal government to develop a trade center in Harbin. Based on the due diligence and assessment of the business potential, our Group decided to pursue this investment

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opportunity and entered into a memorandum of understanding with CSC and the Harbin municipal government to develop a trade center in Harbin. Harbin Trade Center Company, a direct, wholly-owned subsidiary of Jining Modern Industrial, was established in December 2011 for this development.

As part of our business strategy, we continuously assess and monitor the deployment and allocation of our financial and management resources among the various projects of our Group, including opportunities of new projects that become available from time to time. Based on these assessments, in November 2012, our Directors were of the view that the Group could re-allocate our resources to certain other development opportunities in other cities in the PRC with potentially higher returns for our Group. As a result, to ensure an efficient use of our time and resources, our Directors strategically decided to dispose our interest in the Harbin Trade Center.

At that time, we considered that it was commercially reasonable to sell Harbin Trade Center Company to Harbin China South City Company Limited (“**Harbin CSC**”) (a wholly-owned subsidiary of CSC, being the existing developer in Harbin, rather than seeking a third party purchaser which would be a new entrant to the area. On November 30, 2012, Jining Modern Industrial entered into an equity transfer agreement with Harbin CSC, pursuant to which Jining Modern Industrial transferred its entire equity interest in Harbin Trade Center Company for a consideration of RMB500 million. Such consideration was determined on an arm’s length basis with regard to the then fair value of the Harbin Trade Center and its development prospects and was settled on January 17, 2013. Upon the completion of the transfer, Jining Modern Industrial no longer holds any equity interest in Harbin Trade Center Company.

Immediately before the transfer, Harbin Trade Center Company had land use rights for a total site area of approximately 33,480 sq.m. and entered into the land grant contracts with the land bureau for a total site area of approximately 236,870 sq.m., which could be developed into logistic and trade center with an aggregate estimated GFA of approximately 911,000 sq.m. At that time, Harbin Trade Center Company had commenced preparatory foundation works at the site. Our Directors believe that the transfer realized a reasonable profit and would not have any material adverse effect on the business development and operations of our Group.

As part of the transfer, two of our Ultimate Controlling Shareholders, Mr. Wong Choihing and Mr. Wang Dewen, entered into a non-competition undertaking (the “**Harbin NCU**”) of indefinite duration on November 30, 2012 in favor of Harbin CSC, pursuant to which each of them has unconditionally and irrevocably undertaken to Harbin CSC, that, with effect from the date of the Harbin NCU, unless with prior consent of Harbin CSC, each of them would not, and would procure their associates not to, directly or indirectly engage in the investment, control, management or operation of any commercial wholesale/trade centers, logistics and warehousing businesses in Harbin. In the event of breaching the Harbin NCU, Mr. Wong Choihing and/or Mr. Wang Dewen may be required to cease the breach and be liable to indemnify Harbin CSC for all related losses and damages.

Mr. Wong Choihing and Mr. Wang Dewen considered that it was commercially sensible to enter into the Harbin NCU taking into account that (i) with the investment of substantial resources in developing the trade center project in Harbin, it is not unreasonable for CSC to

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minimize the competition they would face in Harbin, and (ii) the likelihood of either of them re-entering into Harbin by developing another new trade center would be relatively low in the foreseeable future given the more advanced position that CSC has already enjoyed in the Harbin market.

As the Company is not a party to the Harbin NCU, the Group is not bound by the Harbin NCU. In any event, all of our Directors are required to take actions which are consistent with their fiduciary duties under applicable laws and the Listing Rules. As such, we have established a strategic review committee (the “**Committee**”), as an additional corporate governance measure, to evaluate any potential investment opportunities in Harbin presented to our Group. The Committee consists of three independent non-executive Directors and one non-executive Director. The Committee is aware of the restrictions under the Harbin NCU on Mr. Wong Choihing and Mr. Wang Dewen, and their responsibilities include reviewing and assessing any investment opportunities in Harbin that are presented to the Company, at least once every six months, and identifying the steps to be taken in respect of such opportunities. For the avoidance of doubt, neither Mr. Wong Choihing or Mr. Wang Dewen will participate in any review, assessment or decisions made by the Committee. The review results and findings of the Committee (if any) will be disclosed in the Company’s annual and interim reports after the Listing.

Our Ultimate Controlling Shareholders, Mr. Wong Choihing and Mr. Wang Dewen served as directors of China South City Xi’an Company Limited (“**CSC Xi’an**”), a company incorporated in the PRC on November 12, 2009 principally engaging in the development and management of integrated logistic trade centers, and a non-wholly owned subsidiary of CSC, from November 8, 2009 until they both resigned on November 19, 2012. Our senior management, Mr. Huang Wenbin and Mr. Zhao Yande, previously served as the senior management of CSC Xi’an, and Mr. Ma Yi previously served as the senior management of China South International Industrial Materials City (Shenzhen) Co. Ltd., a wholly-owned subsidiary of CSC. See “Directors and Senior Management – Senior Management.” Since their respective resignation dates, none of Mr. Wong, Mr. Wang, Mr. Huang, Mr. Zhao or Mr. Ma had any role or position, or any equity interest, in CSC or any of its associates and hence, would not pose any conflicts of interest or otherwise to our Group.

Other than the above, none of our Ultimate Controlling Shareholders, Directors or senior management had any role or position, or any equity interest, in CSC or any of its associates during the Track Record Period and up to the Latest Practicable Date. In addition, other than the transfer of 100% equity interest in Harbin Trade Center Company to Harbin CSC, no transactions were entered into between our Group and CSC during the Track Record Period and up to the Latest Practicable Date, and our Company currently does not have plans to enter into any transactions with CSC in the future.

HISTORY AND CORPORATE STRUCTURE

(3) Acquisition of 20% equity interest in Ganzhou Logistics Park

In late 2012, to further implement the change in its investment plans, China Metro-Rural agreed to transfer its remaining 20% equity interest in Ganzhou Logistics Park to our Company. Pursuant to an equity transfer agreement dated December 25, 2012, entered into between Hydoo Estate (Ganzhou) and Shenzhen Northeast, Shenzhen Northeast transferred its remaining 20% equity interest in Ganzhou Logistics Park to Hydoo Estate (Ganzhou) for a consideration of RMB150 million, which was settled on January 17, 2013. At the time of the negotiation, Ganzhou Logistics Park has already obtained the land-use rights for the Ganzhou Trade Center comprising a total site area of 1,475,298, sq.m. and certain construction permits, and has also commenced construction of certain components for Phase I of the Ganzhou Trade Center. As a result of these project developments, both parties agreed that the then estimated value of the Ganzhou Trade Center had increased. Taking into account of various factors including the increased estimate value for the Ganzhou Trade Center as well as the remaining interest held by Shenzhen Northeast only being a minority stake, the consideration was finally determined at RMB150 million by both parties based on the arm's length negotiation. We obtained approval for this transfer from the Bureau of Commerce of Ganzhou Development Zone, and the approval certificate was issued on January 12, 2013. Upon completion of this transfer, Hydoo Estate (Ganzhou) and Hydoo HK holds 99% and 1% of the equity interest in Ganzhou Logistics Park, respectively.

(4) Acquisition of 1% equity interest in Ganzhou Logistics Park

To further streamline our corporate structure, we decided to transfer Hydoo HK's 1% equity interest in Ganzhou Logistic Park to Hydoo Estate (Ganzhou). Pursuant to an equity transfer agreement dated March 1, 2013 entered into between Hydoo Estate (Ganzhou) and Hydoo HK, Hydoo HK transferred its entire equity interest in Ganzhou Logistics Park to Hydoo Estate (Ganzhou) at nil consideration. We obtained approval for this transfer from the Bureau of Commerce of Ganzhou Development Zone on March 6, 2013. Upon completion of this transfer, Ganzhou Logistics Park became the direct, wholly-owned subsidiary of Hydoo Estate (Ganzhou).

(5) Establishment of new subsidiaries

During the period from September 19, 2012 to the Latest Practicable Date, our Company established the following new subsidiaries to advance the business development of our Group:

- (a) Heze Hydoo Commercial and Trade Center Company Limited was established on September 28, 2012, as a direct, wholly-owned subsidiary of Jining Modern Industrial;
- (b) Jining Hydoo Commercial Operation and Management Company Limited was established on November 12, 2012, as a direct, wholly-owned subsidiary of Jining Modern Industrial;

HISTORY AND CORPORATE STRUCTURE

- (c) Xingning Hydoo was established on December 27, 2012, and is directly controlled by Jining Modern Industrial. Jining Modern Industrial holds 80% of the equity interest of Xingning Hydoo and each of Shenzhen Jiade Estate Company Limited and Shenzhen Yihua Investment Management Company Limited, both of which are Independent Third Parties, holds 15% and 5% of the equity interest of Xingning Hydoo, respectively;
 - (d) Yantai Hydoo Modern Logistics was established on December 28, 2012, as a direct, wholly-owned subsidiary of Hydoo HK. As the approved business scope of Yantai Hydoo Modern Logistics did not cover property development and thus was no longer sufficient for the Group's development, Hydoo HK decided to voluntarily liquidate Yantai Hydoo Modern Logistics pursuant to the shareholder's resolution dated March 15, 2013. Such deregistration was completed on August 14, 2013;
 - (e) Ganzhou Hydoo Property Services Company Limited was established on March 6, 2013, as a direct, wholly-owned subsidiary of Ganzhou Logistics Park;
 - (f) Hongkong Hydoo Holding Limited was established on March 25, 2013, as a direct, wholly-owned subsidiary of our Company;
 - (g) To facilitate and further develop our property development business in Yantai, Yantai Hydoo was established on March 26, 2013, as a direct, wholly-owned subsidiary of Hydoo HK;
 - (h) Lanzhou Hydoo Commercial and Trade Center Company Limited was established on May 20, 2013, as a direct, wholly-owned subsidiary of Jining Modern Industrial; and
 - (i) Ganzhou Hydoo Commercial and Operation Management Company Limited was established on May 30, 2013, as a direct, wholly-owned subsidiary of Hydoo HK.
- (6) Further increase in the authorized share capital of our Company by way of (i) issue of Shares and Preferred Shares; (ii) repurchase of all the then issued existing shares with a par value of US\$1.00 each and all the then issued existing preferred shares with a par value of US\$1.00 each and (iii) cancellation of the then authorized but unissued existing shares with a par value of US\$1.00 each and the then authorized but unissued existing preferred shares with a par value of US\$1.00 each**

Pursuant to the resolutions of our Company's shareholders on April 29, 2013, our shareholders approved (i) the increase in the authorized share capital of our Company to an aggregate of US\$67,703 divided into 55,203 existing shares with a par value of US\$1.00 each and 12,500 existing preferred shares with a par value of US\$1.00 each and HK\$80,000,000 divided into 6,522,960,000 Shares and 1,477,040,000 Preferred Shares, by the creation of an additional 6,522,960,000 Shares and 1,477,040,000 Preferred Shares; (ii) the issue of 775 Shares to the holders of the then existing shares with a par value of US\$1.00 each for every then existing share with a par value of US\$1.00 each held; (iii) the issue of 775 Preferred Shares to the holder of the then existing preferred shares with a par value of US\$1.00 each for

HISTORY AND CORPORATE STRUCTURE

every then existing preferred share with a par value of US\$1.00 each held; (iv) the repurchase of all the then issued existing shares with a par value of US\$1.00 each and existing preferred shares with a par value of US\$1.00 each in exchange for the issue of Shares and Preferred Shares; as mentioned in (ii) and (iii) above, respectively and (v) the cancellation of the then authorized but unissued existing shares with a par value of US\$1.00 each and the then authorized but unissued preferred shares with a par value of US\$1.00 each immediately after the repurchase.

Upon completion of the above steps (and assuming all the Preferred Shares held by Top Amuse have been converted into Shares on a one for one basis), the shareholding structure of our Company is as follows:

Name of Shareholder	Number of Shares	Approximate percentage of shareholdings in our Company on a fully-diluted basis
Most Trend.	33,421,875	63.697%
Top Amuse.	9,687,500	18.463%
Eminent Ascend	4,843,750	9.231%
Ping An Hawking Fund	1,574,025	3.000%
Creat	1,670,900	3.185%
Zhenshuo	787,400	1.501%
Perfect Partner	484,375	0.923%
	52,469,825	100%

(7) Acquisition of 51% equity interest in Ganzhou Jiuzhi

To further develop the property management business, our subsidiary, Hydoo Estate (Ganzhou), decided to acquire from Ms. Fang Li, an Independent Third Party, 51% equity interest in Ganzhou Jiuzhi, which is principally engaged in the business of property management services. Pursuant to an equity transfer agreement dated June 10, 2013 entered into between Hydoo Estate (Ganzhou) and Ms. Fang, Ms. Fang agreed to transfer her 51% equity interest in Ganzhou Jiuzhi to Hydoo Estate (Ganzhou) at consideration of RMB2,652,000, which was settled on June 28, 2013. Upon completion of this transfer on June 30, 2013, Ganzhou Jiuzhi is owned as to 51% by Hydoo Estate (Ganzhou), as to 45.2% by Ms. Fang and as to 3.8% by Mr. Zhong Cheng, an Independent Third Party. The relevant change of registration in the Bureau of Administration for Industry and Commerce of Ganzhou City was completed on July 4, 2013.

HISTORY AND CORPORATE STRUCTURE

PRE-IPO INVESTMENTS

The table below sets forth key terms and particulars of our Pre-IPO Investments

Name of the Pre-IPO Investor	Date of Investment (DD/MM/YYYY)	Consideration Paid	Settlement date of Consideration (DD/MM/YYYY)	Number of Shares at date of Pre-IPO Investment	Cost per Share paid by the Pre-IPO Investor at date of Pre-IPO Investment	Number of Shares immediately after the Capitalization Issue	Cost per Share paid by the Pre-IPO Investor immediately after the Capitalization Issue	Discount to Maximum Offer Price	Approximate percentage of shareholding interests by the Pre-IPO Investor in our Company ⁽¹⁾	Basis of determining the Consideration	Use of proceeds from the Pre-IPO Investments ⁽²⁾
Top Amuse	18/06/2011	US\$80,000,000	11/07/2011	12,500	US\$6,400	600,000,000	US\$0.13	58.85%	18.463%	The consideration was determined after arm's length negotiations between the parties, taking into account, the then estimated value of the project companies	To provide for costs for the new projects, and to pay off expenses for the existing projects
Ping An Hawking Fund	08/11/2012	HK\$178,000,000	09/11/2012	2,031	HK\$87,642	97,488,000	HK\$1.83	25.31%	3.000%	The consideration was determined after arm's length negotiations between the parties, taking into account, the then estimated value of the Company	To provide for costs for the new projects, and to pay off expenses for the existing projects
Creat	10/12/2012	HK\$188,976,000	21/12/2012	2,156	HK\$87,651	103,488,000	HK\$1.83	25.31%	3.185%	The consideration was determined after arm's length negotiations between the parties, taking into account, the then estimated value of the Company	To provide for costs for the new projects, and to pay off expenses for the existing projects
Zhenshuo	10/12/2012	HK\$89,000,000	13/12/2012	1,016	HK\$87,598	48,768,000	HK\$1.82	25.71%	1.501%	The consideration was determined after arm's length negotiations between the parties, taking into account, the then estimated value of the Company	To provide for costs for the new projects, and to pay off expenses for the existing projects

Notes:

- (1) For illustration purpose, the percentages represent the shareholdings of each Pre-IPO Investor immediately prior to the Capitalization Issue and the Global Offering.
- (2) The proceeds from the Pre-IPO Investments were fully utilized as at the Latest Practicable Date.

(i) Special rights granted to Top Amuse

In addition to the Pre-IPO Investment Agreements, our Company, Most Trend, Eminent Ascend, Perfect Partner, our Ultimate Controlling Shareholders and the Pre-IPO Investors entered into an amended and restated shareholders agreement (the “**Amended and Restated Shareholders Agreement**”) on April 29, 2013, pursuant to which, among other things, Top Amuse, as holder of the Preferred Shares, was granted certain specific rights, including those set out below. The purpose of entering into the Amended and Restated Shareholders Agreement is only to reflect the rights of the 2012 Pre-IPO Investors pursuant to the 2012 Pre-IPO Investment Agreements, which were settled in November 9, 2012, December 13, 2012 and December 21, 2012, respectively, and therefore, this agreement does not constitute a new agreement which would give rise to any new rights or obligations to any of the shareholders (including the Pre-IPO Investors) of the Company beyond December 21, 2012. As such, the signing of the Amended and Restated Shareholders Agreement is consistent with the relevant requirements under the Stock Exchange’s Interim Guidance on Pre-IPO Investments.

HISTORY AND CORPORATE STRUCTURE

Board representation and veto rights

Top Amuse is entitled to nominate one Director to the Board. Mr. Yuan Bing, our non-executive Director and a nominee of Top Amuse, was nominated by Hony Capital and appointed as a Director on July 8, 2011. In addition, certain matters relating to our Group's business, such as engagement in any business other than our Group's core business, any material amendments to our business plans or financial budget, modification of or amendment to our Company's constitutional documents, and commencement of winding up proceedings of any members of our Group, are subject to prior approval by the Director nominated by Top Amuse.

Information and inspection rights

Top Amuse has the rights to inspect books of account and records of our Company and to access our Company's financial statements upon request. Our Company is also obliged to inform Top Amuse of any events which would materially affect our Group's business, assets, liabilities and/or equity.

Right of first offer and tag along rights

If, prior to the completion of a Qualified IPO (as defined below) and during the period in which Top Amuse still holds Preferred Shares, any of Most Trend, Eminent Ascend or Perfect Partner intends to sell or transfer any of its Shares, Top Amuse shall have a right of first offer to purchase all or a portion of the Shares under the same terms. In the event that Top Amuse decides not to exercise the right of first offer, it shall have the tag along right to participate in such sale or transfer on the same terms.

If, prior to the completion of a Qualified IPO (as defined below), any of the 2012 Pre-IPO Investors intends to sell or transfer any of its Shares, Top Amuse shall have a right of first offer to purchase all or a portion of the Shares under the same terms.

A "Qualified IPO" means our Company's initial public offering of Shares in a qualified internationally recognized stock exchange, and the market value of our Company immediately after the Global Offering is not less than RMB8 billion.

Dividend right

Top Amuse is entitled to receive dividends, out of any funds legally available, prior to and in preference to any declaration or payment of any dividend on the Shares. Such dividend shall begin to accrue when it is declared by the Board, and any declared but unpaid dividend shall be cumulative and non-compounding.

HISTORY AND CORPORATE STRUCTURE

Conversion of Preferred Shares

Each Preferred Share is convertible, at the option of Top Amuse at any time, into such number of fully paid and non-assessable Shares as follows:

$$A = B/C$$

where:

A = the number of Shares converted from each Preferred Share

B = the subscription price per Preferred Share

C = the conversion price (as adjusted for any corporate reorganization, certain issuances, reclassifications or recapitalization of the common shares in the share capital of the Company, distribution of share dividends, subdivisions or other distributions pursuant to the Articles. In such cases the applicable conversion price for the Preferred Shares will be adjusted according to the relevant mechanisms pursuant to the Amended and Restated Shareholders Agreement.)

In any event, the adjustment to the conversion price of the Preferred Shares will not be linked to the Offer Price or the market capitalization of the Company upon Listing and will be in line with the principles and requirements promulgated by the Stock Exchange. As at the Latest Practicable Date, we expect that the Preferred Shares will be converted into Shares on a one-for-one basis upon the Listing.

Put Option

If our Company fails to complete a Qualified IPO by July 2014, Top Amuse has the right at any time thereafter, to require our Company or Most Trend to redeem all or part of such outstanding Preferred Shares at a redemption price equal to the proportionate purchase price per Preferred Share, plus an amount that would enable Top Amuse to achieve the annual return rate at 12%. Details regarding the accounting treatment of the Preferred Shares are set out in Note 25 to the Accountants' Report in Appendix I to this prospectus.

Automatic conversion feature

Each Preferred Share shall be automatically converted by way of redemption of such Preferred Shares and the issue of fully paid Shares on a one-for-one basis (subject to adjustment in certain circumstances as set forth under the subsection "Conversion of Preferred Shares" above) immediately upon the earlier of (i) the consummation of a Qualified IPO, (ii) immediately prior to the closing of an acquisition by, merger or other combination with another entity where our Company is not the surviving entity where such surviving entity is listed on an internationally recognized stock exchange, or (iii) the date specified by written consent or agreement of Top Amuse.

HISTORY AND CORPORATE STRUCTURE

Liquidation preference

On a return of capital on winding up or liquidation or otherwise (other than on redemption of the Preferred Shares), Top Amuse is first entitled to an amount up to the aggregate purchase consideration paid for the Preferred Shares before paying to the holders of Shares, and then to participate in the distribution of any remaining assets of our Company pro-rata with the holders of Shares based on the number of Shares into which the Preferred Shares are convertible (immediately prior to such distribution).

(ii) Special rights granted to Ping An Hawking Fund, Creat and Zhenshuo

Pursuant to the 2012 Pre-IPO Investment Agreements, the 2012 Pre-IPO Investors have certain special rights and obligations as set forth below.

Rights in case of no Qualified IPO

(a) Ping An Hawking Fund's right to interest

If our Company has not completed a Qualified IPO within one year from November 9, 2012, being the completion date of the Ping An Hawking Fund Investment Agreement (the “**Ping An Hawking Fund Completion Date**”), Ping An Hawking Fund is then entitled to be paid by our Company an annual interest in the amount of HK\$24,920,000, calculated at an annual interest rate of 14% on the subscription price (the “**Ping An Hawking Fund Interest**”) under the Ping An Hawking Fund Investment Agreement.

(b) Repurchase

If our Company has not completed a Qualified IPO in the period commencing one year from the Ping An Hawking Fund Completion Date until July 2014, Ping An Hawking Fund is entitled to require Most Trend, subject to the rights of Top Amuse, to repurchase any or all of our Shares held by it (the “**Ping An Hawking Fund Repurchase Shares**”) within one month upon the receipt of a written notice from Ping An Hawking Fund. The price to be paid for the Ping An Hawking Fund Repurchase Shares is the Ping An Hawking Fund Subscription Price plus interest calculated at an annual interest rate of 14% on the Ping An Hawking Fund Subscription Price after deducting the Ping An Hawking Fund Interest.

If our Company has not completed a Qualified IPO in the period commencing from the respective effective dates of the Creat Investment Agreement and the Zhenshuo Investment Agreement, until July 2014, Creat and Zhenshuo are entitled to require Most Trend, subject to the rights of Top Amuse, to repurchase any or all of our Shares held by them (the “**Creat and Zhenshuo Repurchase Shares**”) within one month upon receipt of a written notice from Creat and Zhenshuo respectively. The price to be paid for the Creat and Zhenshuo Repurchase Shares is their respective subscription price plus interest calculated at an annual interest rate of 14% on their respective subscription price.

HISTORY AND CORPORATE STRUCTURE

Right of first refusal and tag along

If, prior to a Qualified IPO, Most Trend directly or indirectly transfers the Shares owned by it to any third party, the 2012 Pre-IPO Investors are entitled to, subject to the rights of Top Amuse, (i) exercise the right of first refusal to purchase all or part of the Shares owned by Most Trend, or (ii) exercise the tag along right, in proportion to their respective shareholding, to participate in the transfer by Most Trend of the Shares owned by Most Trend, to the third party, on the same terms and conditions offered by Most Trend to the third party.

All special rights of the Pre-IPO Investors shall terminate upon Listing pursuant to the Pre-IPO Investment Agreements and the Amended and Restated Shareholders Agreement.

Background of Our Pre-IPO Investors

Hony Capital is a leading private equity fund which focuses on investments in the greater China region. We believe we will benefit from the investment by Hony Capital, our strategic investor, due to its depth of experience in corporate finance, corporate governance and investment management, as well as its international strategy for and long-term commitment to our business.

Ping An Hawking Fund is a limited partnership registered under the laws of Cayman Islands on August 24, 2012. The partnership interests in Ping An Hawking Fund consist of (i) Hawking (Asia) Capital Management Limited (general partner), a company established under the laws of Cayman Islands on January 5, 2012; (ii) Green Idea Global Limited (limited partner), a company established under the laws of the BVI on February 13, 2012; and (iii) Novel Castle Limited (limited partner), a company established under the laws of the BVI on January 9, 2012. Hawking (Asia) Capital Management Limited, Green Idea Global Limited and Novel Castle Limited are investment holding companies and are Independent Third Parties.

Creat is a company incorporated under the laws of the BVI on December 23, 2010, and is an investment holding company. Creat is wholly-owned by World Charter International Limited, an investment holding company incorporated under the laws of Hong Kong and is directly wholly-owned by Nanchang Hengshi Investment Management Company Limited, a company principally engaged in the business of investment management, which is in turn, wholly-owned by Mr. Zheng Yuewen (鄭躍文), a PRC citizen, a private investor and an Independent Third Party.

Zhenshuo is a company incorporated under the laws of the Cayman Islands on May 27, 2002, and is an investment holding company. Zhenshuo is wholly-owned by Union Score International Limited, an investment holding company incorporated under the laws of Hong Kong and is directly wholly-owned by Nanchang Taile Technology Company Limited, a company principally engaged in the business of computer software and hardware development, which is in turn, wholly-owned by Mr. Huang Shaowu (黃紹武), a PRC citizen, a private investor and an Independent Third Party.

The main strategic benefits of the Pre-IPO Investments are to provide additional capital for our project development and revenue growth.

HISTORY AND CORPORATE STRUCTURE

On October 8, 2013, all the Pre-IPO Investors waived the requirement that the market value of our Company immediately following the completion of the Global Offering be not less than RMB8 billion, and as such, the Global Offering will constitute a Qualified IPO for all the Pre-IPO Investors.

The Joint Sponsors submit that they consider that the Pre-IPO Investments are in compliance with the “Interim Guidance on Pre-IPO Investments” issued by the Listing Committee since the considerations under the Pre-IPO Investments were settled on July 11, 2011, November 9, 2012, December 13, 2012 and December 21 2012, respectively, which was more than 28 clear days before the date of the first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing.

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), each of Top Amuse, Ping An Hawking Fund, Creat and Zhenshuo would be the holder of 600,000,000, 97,488,000, 103,488,000, 48,768,000 Shares, respectively. As each of the 2012 Pre-IPO Investors (other than their respective Pre-IPO Investments) are independent from each other and from our Company and its connected persons, the Shares held by each of the 2012 Pre-IPO Investors are considered to be part of the public float for the purposes of Rule 8.08(1) of the Listing Rules.

Lock-up Undertakings

Each of the Pre-IPO Investors has agreed that it will not, at any time during the period of six months following the Listing Date, dispose of any shares save for limited circumstances.

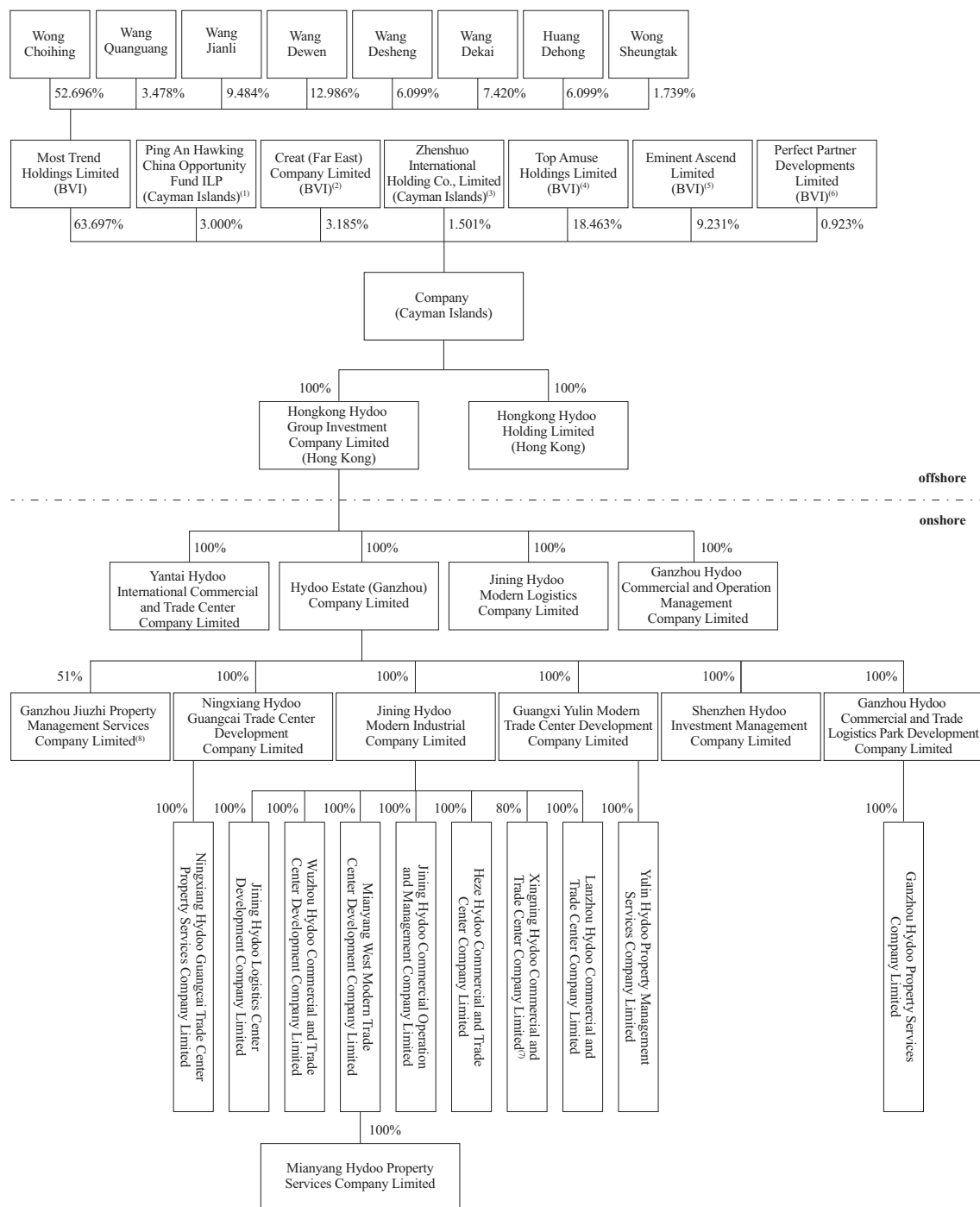
COMPLIANCE WITH THE RELEVANT PRC LAWS AND REGULATIONS

As advised by our PRC Legal Adviser as of the Latest Practicable Date, the establishment and each change in the interest of our PRC subsidiaries have obtained all the necessary approval pursuant to the applicable PRC laws and regulations.

HISTORY AND CORPORATE STRUCTURE

COMPLETION OF THE REORGANIZATION

The corporate structure of our Group immediately after the completion of our Reorganization but before the Capitalization Issue and the Global Offering (assuming all the Preferred Shares held by Top Amuse have been converted into Shares on a one-for-one basis), is set out below:



HISTORY AND CORPORATE STRUCTURE

Notes:

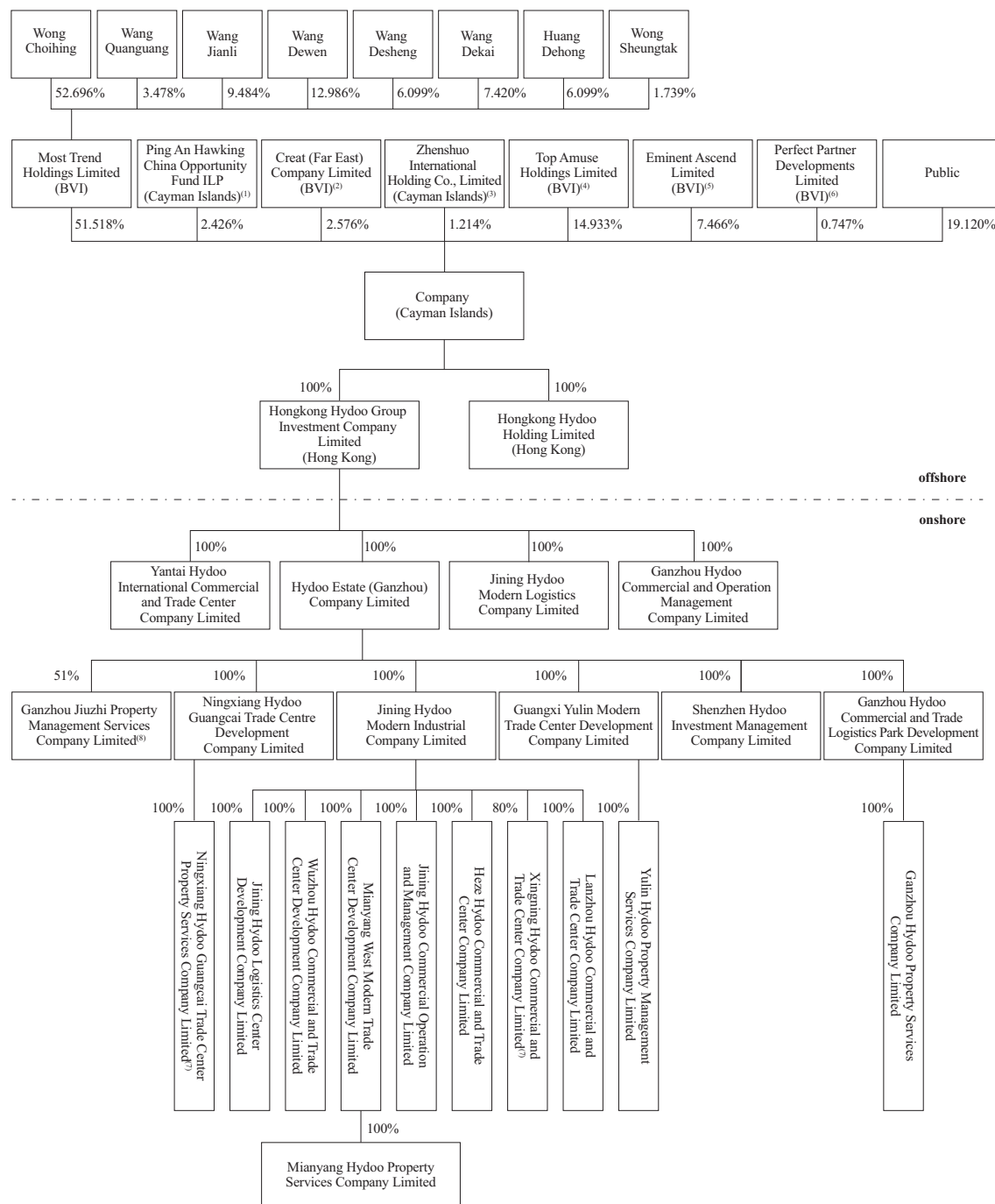
- (1) Ping An Hawking Fund consists of partnership contributions from Hawking (Asia) Capital Management Limited (General Partner) in the amount of US\$1.00, Green Idea Global Limited (Limited Partner) in the amount of HK\$130,000,000 and Novel Castle Limited (Limited Partner) in the amount of HK\$48,000,000. Hawking (Asia) Capital Management Limited, Green Idea Global Limited and Novel Castle Limited are investment holding companies and are Independent Third Parties.
- (2) Creat is wholly-owned by World Charter International Limited. World Charter International Limited is wholly-owned by Nanchang Hengshi Investment Management Company Limited which in turn is wholly-owned by Mr. Zheng Yuewen, an Independent Third Party.
- (3) Zhenshuo is wholly-owned by Union Score International Limited. Union Score International Limited is wholly-owned by Nanchang Taile Technology Company Limited which in turn is wholly-owned by Mr. Huang Shaowu, an Independent Third Party.
- (4) Top Amuse is wholly-owned by Hony Capital.
- (5) Eminent Ascend is wholly-owned by Mr. Wong Kim.
- (6) Perfect Partner is wholly-owned by Mr. Wu Bo.
- (7) Xingning Hydoo is owned as to 80% by Jining Modern Industrial, as to 15% by Shenzhen Jiade Estate Company Limited, an Independent Third Party, and as to 5% by Shenzhen Yihua Investment Management Company Limited, an Independent Third Party.
- (8) Ganzhou Jiuzhi is owned as to 51% by Hydoo Estate (Ganzhou), as to 45.2% by Ms. Fang Li, an Independent Third Party, and as to 3.8% by Mr. Zhong Cheng, an Independent Third Party.

CAPITALIZATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorized to capitalize an amount of approximately HK\$32.0 million standing to the credit of the share premium account of our Company by applying such sum towards paying up in full at par a total of 3,197,274,175 Shares for allotment and issue, immediately prior to the Listing, to our Shareholders whose names appear on the register of members of our Company at the close of business on the business day preceding the Listing Date, on a pro rata basis.

HISTORY AND CORPORATE STRUCTURE

The corporate and shareholding structure of our Group immediately after completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) is set out below:



Notes:

- (1) Ping An Hawking Fund consists of partnership contributions from Hawking (Asia) Capital Management Limited (General Partner) in the amount of US\$1.00, Green Idea Global Limited (Limited Partner) in the amount of HK\$130,000,000 and Novel Castle Limited (Limited Partner) in the amount of HK\$48,000,000. Hawking (Asia) Capital Management Limited, Green Idea Global Limited and Novel Castle Limited are investment holding companies and are Independent Third Parties.

HISTORY AND CORPORATE STRUCTURE

- (2) Creat is wholly-owned by World Charter International Limited. World Charter International Limited is wholly-owned by Nanchang Hengshi Investment Management Company Limited which in turn is wholly-owned by Mr. Zheng Yuewen, an Independent Third Party.
- (3) Zhenshuo is wholly-owned by Union Score International Limited. Union Score International Limited is wholly-owned by Nanchang Taile Technology Company Limited which in turn is wholly-owned by Mr. Huang Shaowu, an Independent Third Party.
- (4) Top Amuse is wholly-owned by Hony Capital.
- (5) Eminent Ascend is wholly-owned by Mr. Wong Kim.
- (6) Perfect Partner is wholly-owned by Mr. Wu Bo.
- (7) Xingning Hydoo is owned as to 80% by Jining Howard Industrial, as to 15% by Shenzhen Jiade Estate Company Limited, an Independent Third Party, and as to 5% by Shenzhen Yihua Investment Management Company Limited, an Independent Third Party.
- (8) Ganzhou Jiuzhi is owned as to 51% by Hydoo Estate (Ganzhou), as to 45.2% by Ms. Fang Li, an Independent Third Party, and as to 3.8% by Mr. Zhong Cheng, an Independent Third Party.

OUR CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We and the Joint Global Coordinators entered into cornerstone investment agreements with 11 cornerstone investors (the “**Cornerstone Investors**”) who agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) at the Offer Price which may be purchased with an aggregate amount of approximately HK\$1,010 million, subject to adjustments that may be required under Listing Rule 8.08(3). Assuming an Offer Price of HK\$2.15 (being the mid-point of the Offer Price range set out in this prospectus), and subject to any adjustments, the total number of Offer Shares subscribed by the Cornerstone Investors would be 469,750,000, representing approximately 61.14% of the Offer Shares, and approximately 11.69% of the issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised). The following table sets forth certain information regarding the anticipated holding of Offer Shares of the Cornerstone Investors.

Cornerstone Investor	Maximum Investment Amount (HK\$ million)	Number of Offer Shares subscribed ⁽¹⁾	Approximate percentage of total number of Offer Shares initially offered under the Global Offering	Approximate percentage of total issued Shares immediately following the completion of the Capitalization Issue and the Global Offering	
				(assuming the Over-allotment Option is not exercised) ⁽²⁾	(assuming the Over-allotment Option is exercised in full) ⁽²⁾
Driven Innovation Limited	250 ⁽³⁾	116,278,000	15.14	2.89	2.81
CIG Trustees Limited	150	69,766,000	9.08	1.74	1.69
China Oceanwide International Investment Company Limited	100	46,510,000	6.05	1.16	1.13
Suning International Limited	100	46,510,000	6.05	1.16	1.13
MACRO-LINK International Investment Co., Ltd.	100	46,510,000	6.05	1.16	1.13
Elion (Hong Kong) Trading Company Limited	100	46,510,000	6.05	1.16	1.13
Mr. Chen Hua	50	23,254,000	3.03	0.58	0.56
Ms. Chan See Ting	50	23,254,000	3.03	0.58	0.56
Mr. Lee Yin Yee	50	23,254,000	3.03	0.58	0.56
King Goal Holdings Limited	50	23,254,000	3.03	0.58	0.56
Malina Wong (Worldwide) Organization Ltd.	10	4,650,000	0.61	0.12	0.11
Total.	1,010	469,750,000	61.14	11.69	11.37

Notes:

- (1) Rounded down to the nearest whole board lot of 2,000 Shares and assuming an Offer Price of HK\$2.15 (being the mid-point of the Offering Price range stated in this prospectus).

OUR CORNERSTONE INVESTORS

- (2) Assuming that (i) all Preferred Shares will be exchanged for Shares on a one-for-one basis immediately upon the Listing and (ii) no options granted under the Pre-IPO Share Option Scheme are exercised.
- (3) The committed investment amount of Driven Innovation Limited is RMB198 million (or HK\$250 million based on an assumed exchange rate of RMB0.7922 to HK\$1.0000, being the exchange rate published by the PBOC on the Latest Practicable Date). The exchange rate for purposes of such committed investment amount shall be the exchange rate to be published by the PBOC on the Price Determination Date.

Each of the Cornerstone Investors is an Independent Third Party and is not our connected person. The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares will be counted towards the public float of our Company. None of the Cornerstone Investors will 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 agreements referred to below.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering” in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around October 30, 2013.

OUR CORNERSTONE INVESTORS

We set out below a brief description of our Cornerstone Investors:

Driven Innovation Limited

Driven Innovation Limited (“**Driven Innovation**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of RMB198 million (or HK\$250 million based on an assumed exchange rate of RMB0.7922 to HK\$1.0000, being the exchange rate published by the PBOC on the Latest Practicable Date) at the Offer Price. The exchange rate for purposes of such conversion shall be the exchange rate to be published by the PBOC on the Price Determination Date. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Driven Innovation would subscribe for would be 116,278,000, representing approximately 15.14% of our Offer Shares, and approximately 2.89% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Driven Innovation is a company incorporated with limited liability in the BVI and a wholly-owned subsidiary of Huarong (HK) International Holdings Limited, which is in turn, 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

OUR CORNERSTONE INVESTORS

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.

CIG Trustees Limited

CIG Trustees Limited (“**CIG Trustees**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$150 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that CIG Trustees would subscribe for would be 69,766,000, representing approximately 9.08% of our Offer Shares, and approximately 1.74% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

CIG Trustees is a limited liability company incorporated in Hong Kong, principally engaged in the business of trustee services. CIG Trustees is indirectly wholly-owned by China Taiping Insurance Group (HK) Company Limited, and is ultimately wholly-owned by China Taiping Insurance Group Co. (“**China Taiping**”). China Taiping is a PRC state-owned financial and insurance group, and is currently the longest standing national brand in China's insurance industry. Its business covers life insurance, general insurance, pension plans, reinsurance, securities brokerage, asset management and non-financial investment, and its operations has presence in many countries and regions including the PRC, Hong Kong, Macau, Europe, Oceania, East Asia and Southeast Asia. As at the end of 2012, China Taiping's total assets reached RMB200 billion, with over RMB270 billion assets under management.

China Oceanwide International Investment Company Limited

China Oceanwide International Investment Company Limited (“**China Oceanwide**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$100 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that China Oceanwide would subscribe for would be 46,510,000, representing approximately 1.16% of our Offer Shares, and approximately 6.05% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

China Oceanwide is a limited liability company incorporated in Hong Kong, and is a wholly-owned subsidiary of China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司) (“**China Oceanwide Holdings Group**”). China Oceanwide Holdings Group is principally engaged in the business of real estate development and construction, as well as strategic and venture investments. Its ultimate controlling shareholder and founder, Mr. Lu Zhiqiang, is also the vice chairman and non-executive director of China Minsheng Banking Corp., Ltd., which is listed on the Main Board of the Stock Exchange (stock code: 1988) and on the Shanghai Stock Exchange (stock code: 600016).

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Suning International Limited

Suning International Limited (“**Suning**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$100 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Suning would subscribe for would be 46,510,000, representing approximately 6.05% of our Offer Shares, and approximately 1.16% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Suning is a company incorporated in Hong Kong with limited liability, principally engaged in the business of investment. Suning is directly wholly-owned by Suning Appliance Group Limited (蘇寧電器集團有限公司), one of the largest electronic appliance retail chain store operators in the PRC. Suning Appliance Group Limited is a substantial shareholder of Suning Commerce Group Co., Ltd., which is listed on the Shenzhen Stock Exchange (stock code: 002024). Suning Appliance Group Limited is wholly-owned by Mr. Liu Xiaomeng, Mr. Zhang Jindong and Mr. Sun Weimin, all of whom are Independent Third Parties.

MACRO-LINK International Investment Co., Ltd.

MACRO-LINK International Investment Co., Ltd. (“**MACRO-LINK**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$100 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that MACRO-LINK would subscribe for would be 46,510,000, representing approximately 6.05% of our Offer Shares, and approximately 1.16% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

MACRO-LINK is a company incorporated in the BVI, principally engaged in equity investment, and is wholly-owned by MACRO-LINK Industrial Investment Limited, which is ultimately owned by Mr. Fu Kwan, who is a member of the national committee of the Chinese People’s Political Consultative Conference and a vice chairman of the All-China Federation of Industry and Commerce. MACRO-LINK is a substantial shareholder of Dongyue Group Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 189), which is principally engaged in the manufacture, distribution and sale of refrigerants and polymers etc., and Mr. Fu Kwan is an executive director of Dongyue Group Ltd.. MACRO-LINK is also a substantial shareholder of JLF Investment Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 472), principally engaged in wine production and trading.

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Elion (Hong Kong) Trading Company Limited

Elion (Hong Kong) Trading Company Limited (“**Elion**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$100 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Elion would subscribe for would be 46,510,000, representing approximately 6.05% of our Offer Shares, and approximately 1.16% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Elion is a limited liability company incorporated in Hong Kong, and is a wholly-owned subsidiary of Inner Mongolia Yili Energy Company Limited (“**Yili**”), and is principally engaged in the business of investment. Yili is a joint stock limited liability company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600277). Yili is principally engaged in the production of raw chemical materials and chemicals, and is a direct subsidiary of Elion Resources Group, which is principally focused on clean technology and clean energy industries. The controlling shareholders of Elion Resources Group are Mr. Wang Wenbiao and Mr. Wang Wenzhi, both of whom are Independent Third Parties.

Mr. Chen Hua

Mr. Chen Hua (“**Mr. Chen**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$50 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Mr. Chen would subscribe for would be 23,254,000, representing approximately 3.03% of our Offer Shares, and approximately 0.58% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Mr. Chen is the chairman and founder of Kingkey Group (京基集團), a company incorporated with limited liability in the PRC, and is principally engaged in the business of real estate development and management.

To facilitate financing arrangements associated with Mr. Chen’s subscription for the Offer Shares, Mr. Chen’s wife, Ms. Chen Huadi (“**Ms. Chen**”), will be obtaining a two-year loan from ICBC International Securities Limited (including its affiliates, “**ICBCIS**”) for an amount of HK\$25 million. The loan is on normal commercial terms after arm’s length negotiations. No Shares allocated to Mr. Chen under the applicable cornerstone investment agreement will be pledged by Mr. Chen in favour of ICBCIS to secure the said loan during the period of six months following the Listing Date.

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Ms. Chan See Ting

Ms. Chan See Ting (“**Ms. Chan**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$50 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Ms. Chan would subscribe for would be 23,254,000, representing approximately 3.03% of our Offer Shares, and approximately 0.58% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Ms. Chan is the vice chairman of China Horoy Group (Shenzhen) Co., Ltd. (鴻榮源置業集團(深圳)有限公司), and the wife of Mr. Lai Haimin, who is a member of the national committee of the Chinese People’s Political Consultative Conference, and the chairman and founder of Horoy Group (鴻榮源集團), which is principally engaged in real estate development.

Mr. Lee Yin Yee

Mr. Lee Yin Yee (“**Mr. Lee**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$50 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Mr. Lee would subscribe for would be 23,254,000, representing approximately 3.03% of our Offer Shares, and approximately 0.58% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Mr. Lee is the chairman and founder of Xinyi Glass Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 868), which is principally engaged in the production and sale of automobile glass. Mr. Lee is a member of the national committee of the Chinese People’s Political Consultative Conference and an honorary citizen of Shenzhen in the PRC.

King Goal Holdings Limited

King Goal Holdings limited (“**King Goal**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$50 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that King Goal would subscribe for would be 23,254,000, representing approximately 3.03% of our Offer Shares, and approximately 0.58% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

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King Goal is a company incorporated in the BVI, and is engaged in the business of investment. It is wholly-owned by Mr. Wong Kwong Miu, who is a member of the national committee of the Chinese People's Political Consultative Conference, an honorary president of the Federation of Hong Kong Guangdong Community Operations Limited and an honorary president of the Federation of HK Chiu Chow Community Organizations Limited. Mr. Wong Kwong Miu is also the chairman and founder of Centralcon Group (中洲集團), which is engaged in the business of urban operations, infrastructure investment, real estate investment and equity investment.

Malina Wong (Worldwide) Organization Ltd.

Malina Wong (Worldwide) Organization Ltd. ("**Malina Wong**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$10 million at the Offer Price. Assuming the Offer Price of HK\$2.15, being the mid-point of the Offer Price range set out in this prospectus, the total number of Offer Shares that Malina Wong would subscribe for would be 4,650,000, representing approximately 0.61% of our Offer Shares, and approximately 0.12% of our issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised).

Malina Wong is an investment holding company incorporated in the BVI. Malina Wong is wholly-owned by Meridian Investment Ltd., which is in turn, wholly-owned by Fortune Universal Ltd., a discretionary trust. The settlor of Fortune Universal Ltd. is Dr. Jose Yu Sun Say, who is the chairman and founder of HKI Group, and was a member of the national committee of the Chinese People's Political Consultative Conference, and the discretionary objects of Fortune Universal Ltd. are Ms. Wong Mei Ling Malina, Mr. Yu Wah Yung, Ms. Judith Yu and Ms. Juliana Yu, all of whom are Independent Third Parties.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date specified in such underwriting agreements;
- (b) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Offer Shares subscribed by the Cornerstone Investors), and that such approval or permission not having been revoked;

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- (c) no relevant laws or regulations shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (d) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares they have purchased pursuant to the relevant cornerstone investment agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the lock-up period restriction.

OVERVIEW

We are a leading developer and operator of large-scale trade centers¹ in China. As of July 31, 2013, we were simultaneously developing eight trade center projects in six provinces and autonomous regions in China, six of which were large-scale trade centers.² We ranked second based on our number of large-scale trade centers in China and ranked third based on our aggregate estimated and uncompleted GFA³ of large-scale trade centers in China as of the same date, according to Savills. As of the same date, we had a total land bank of 7.5 million sq.m.⁴

Our business focuses on the development and operation of large-scale trade centers in third- and fourth-tier, and selected second-tier, cities in China. We currently generate substantially all of our turnover through the sales of properties, and we expect to generate an increasing portion of turnover through rental income in the future. We seek to develop each trade center project into the largest integrated commercial complex in the local region for the wholesale and retail sale of a wide range of products including hardware, electric tools, building materials, furniture and home furnishings, home electronics, apparel and small goods. We design our trade centers to seamlessly integrate the wholesale trading market properties with other on-site facilities such as shopping malls, exhibition and conference centers, hotels, residential and office space, warehouses and other logistics facilities.

Our business is strategically positioned to benefit from two significant industry and regulatory trends in China – a shift in the government’s urbanization focus from major cities to small- and mid-sized cities and increasing government support for the development of wholesale markets. In the Twelfth Five-Year Plan (2011-2015), the PRC government announced its focus on the urbanization of small- and mid-sized cities.⁵ We believe the urbanization of small- and mid-sized cities will be one of the major drivers for China’s

1 Large-scale trade centers refer to trade centers with an aggregate GFA of more than 400,000 sq.m. See “Industry – Trade Center Market in China – Trade Center Characteristics and Classification – Categorization of Trade Centers Based on GFA.” Trade centers refer to commercial projects with wholesale trading market as the primary type of constituent building; the project may include certain other forms of constituent buildings, such as shopping malls, exhibition and conference centers, hotels, office buildings, residential properties, warehouses and other commercial and logistics properties. These projects consist of completed properties which have not been fully sold and delivered, properties under development or properties held for future development – with land grant contracts or land-use rights certificates. See “– Our Trade Center Projects.”

2 As of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “– Our Trade Center Projects – Recent Development.”

3 As of July 31, 2013, our aggregate estimated and uncompleted GFA of large-scale trade centers was 6.7 million sq.m., which consisted of the aggregate estimated and uncompleted GFA of development properties at our six large-scale trade centers with respect to which we received land-use rights certificates from, or entered into land grant contracts with, PRC regulatory authorities.

4 Our total land bank as of July 31, 2013 consisted of the aggregate estimated and undelivered GFA of (i) development properties at our six large-scale trade centers as well as the Mianyang Trade Center and the Xingning Trade Center, with respect to which we received land-use rights certificates from or entered into land grant contracts with PRC regulatory authorities, and (ii) development properties at Haode Yinzuo (see “– Other Properties”). See the table in the section headed “– Our Trade Center Projects” for more information of our development properties.

5 See “Section 1: Forming a strategic urbanization layout” in “Chapter 20: Active and Steady Promotion of Urbanization” in the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015).

economic growth in the coming decade. The urbanization of these cities will require a more streamlined flow of goods, the creation of efficient wholesale networks and a significant increase in domestic consumption – changes that our trade center projects are well positioned to facilitate. In addition, the government adopted a policy of increasing domestic consumption and explicitly stated its plan to promote integrated wholesale trading markets and large-scale trade and logistics enterprises.⁶ According to Savills, the trade center industry is growing rapidly as evidenced by the fact that the total GFA of trade centers in China more than tripled and gross merchant sales of trade centers more than quintupled between 2000 and 2011.

We have a proven business model that focuses on property sales to owners of small and medium-sized enterprises, or SMEs, in regions where we develop and operate our trade centers. We are committed to the long-term success of our trade center projects by catering to the preferences of SMEs in these regions in China to own, instead of lease, properties to conduct their businesses. We plan the early stages of our development projects to consist primarily of properties for sale, such as wholesale trading market units, and seek to sell the vast majority of our properties to SMEs who will actively conduct business at our trade centers. As a result, the continued growth of our customers' businesses is firmly supported by the bustling commercial environment at our trade centers which we believe contributes to the value appreciation of their purchased properties. Sales proceeds from the earlier stages of our development projects also significantly reduce our dependence on alternative financial resources to meet our working capital requirements. The success of our initial-stage sales and the development of an active trading environment also allow us to increase the sales and lease prices of our properties and capture higher property value in later development stages. As our current development projects enter later phases of development, typically three to five years after the initial development, we plan to retain a proportion of trade center properties as investment properties for long-term recurring income and capital appreciation. During the Track Record Period, we did not designate any investment property and all of our development properties were held for sale.

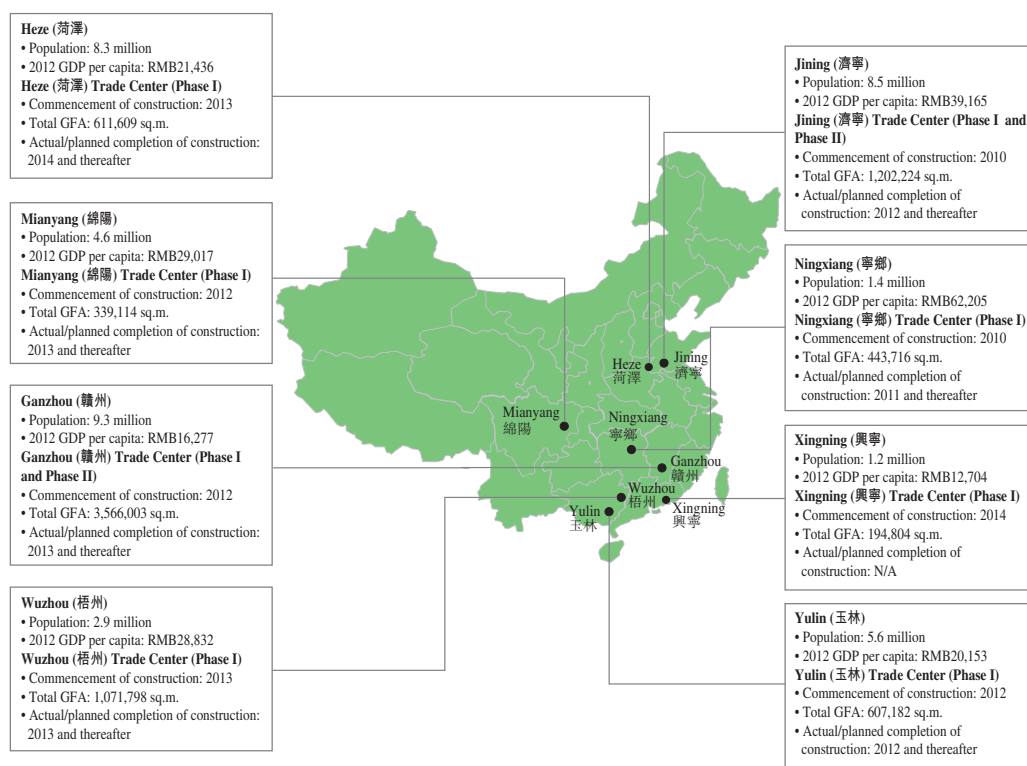
Our projects typically receive strong support from various government authorities, reflecting the scale of our trade center projects, our compelling value propositions and our management's depth of experience in developing trade center projects that we believe have benefited the local economies. Local government authorities' recognition of our value proposition, coupled with our strong execution capability including our disciplined approach to land selection and acquisition process, is reflected in our ability to consistently acquire high quality land at competitive costs. In addition, in line with the common practice for local governments to provide monetary support to trade center developers in China, we have historically received, and expect to continue to receive significant government grants in support of our trade center projects. See "Financial Information – Government Grants."

6 See "Section 1: Promoting the development of commercial and trading services industry" in "Chapter 16: Vigorous Development of Service Industry" in the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015).

BUSINESS

Our origins trace back to 1995, when Mr. Wong Choihing, our chairman, together with his siblings and their families, or the Wang Family Group, first commenced the development of trade center projects in China. Such projects were developed by the Wang Family Group under the business name “Howard” (“豪德”). Between 1995 and 2010, the Wang Family Group developed 19 trade center projects in seven provinces in China. In preparation for the Global Offering, we underwent the Family Allocation to better define the ownership and management structures of these Howard projects. See “History and Corporate Structure – Our History and Development.”

The following map illustrates the locations and selected information, including the actual/planned completion dates of each of our current eight trade center projects as of July 31, 2013.



- Ningxiang Trade Center.** We entered into the master investment agreement with local governmental authorities for the project in 2009 and first obtained land-use rights to Phase I of the Ningxiang Trade Center in 2010. We commenced construction at the Ningxiang Trade Center in 2010. The pre-sale of wholesale trading market units commenced in 2010 and we started to deliver the properties to our customers in 2011. As of July 31, 2013, we completed the construction of wholesale trading markets, a freight-forwarding market, a commercial and exhibition center, warehouses and bus terminal and information center, and serviced apartments, and had a hotel planned for future development at this trade center project. When fully completed, the total GFA of Phase I of the Ningxiang Trade Center is estimated to be 443,716 sq.m.

- *Jining Trade Center.* We entered into the master investment agreement with local governmental authorities for the project in 2009. We obtained land-use rights to Phase I of the Jining Trade Center in 2010 and obtained land-use rights to Phase II in 2012 and 2013. We commenced construction at the Jining Trade Center in 2010. The pre-sale of wholesale trading market units commenced in 2010 and we started to deliver the properties to our customers in 2012. As of July 31, 2013, we completed the construction of wholesale trading markets and a shopping mall, were constructing a commercial center, a hotel, an office building and wholesale trading markets, and had additional wholesale trading markets, warehouses, serviced apartments, office buildings and a residential area planned for future development at this trade center project. When fully completed, the total GFA of Phase I and Phase II of the Jining Trade Center is estimated to be 1,202,224 sq.m.
- *Yulin Trade Center.* We entered into the master investment agreement with local governmental authorities for the project in 2010 and obtained land-use rights to Phase I of the Yulin Trade Center in 2012. We commenced construction at the Yulin Trade Center in 2012. The pre-sale of wholesale trading market units commenced in 2012. As of July 31, 2013, we completed the construction of wholesale trading markets, were constructing additional wholesale trading markets and shopping malls, and had additional wholesale trading markets, serviced apartments, shopping malls, a hotel and an office building planned for future development at this trade center project. When fully completed, the total GFA of Phase I of the Yulin Trade Center is estimated to be 607,182 sq.m.
- *Mianyang Trade Center.* We entered into the master investment agreement with local governmental authorities for the project in 2010 and obtained land-use rights to Phase I of the Mianyang Trade Center in 2012. We commenced construction at the Mianyang Trade Center in 2012. The pre-sale of wholesale trading market units commenced in 2013. As of July 31, 2013, we were constructing wholesale trading markets, and had a commercial pedestrian street, additional wholesale trading markets and certain supporting buildings and facilities planned for future development at this trade center project. When fully completed, the total GFA of Phase I of the Mianyang Trade Center is estimated to be 339,114 sq.m.
- *Ganzhou Trade Center.* We entered into the master investment agreement with local governmental authorities for the project in 2011 and obtained land-use rights for the Ganzhou Trade Center in 2012. We commenced construction at the Ganzhou Trade Center in 2012. As of July 31, 2013, we were constructing wholesale trading markets and shopping malls, and had a commercial and exhibition center, additional wholesale trading markets, shopping malls, a food street, warehouses, bus terminal and shipping depot, office buildings, residential area and hotels planned for future development at this trade center project. When fully completed, the total GFA of the Ganzhou Trade Center is estimated to be 3,566,003 sq.m.
- *Wuzhou Trade Center.* We entered into the master investment agreement with local governmental authorities for the project and entered into a land grant contract for Phase I of the Wuzhou Trade Center in 2012. As of July 31, 2013, we have obtained the land-use rights to all of Phase I of the project. We commenced construction of the Wuzhou Trade Center in 2013. As of July 31, 2013, we were constructing certain supporting buildings and facilities, and had wholesale trading markets, a commercial and exhibition center, a residential area, shopping malls, office

buildings and a hotel planned for future development at this trade center project. When fully completed, the total GFA of Phase I of the Wuzhou Trade Center with respect to which we have obtained land-use rights is estimated to be 1,071,798 sq.m.

- *Heze Trade Center.* We entered into the master investment agreement with local governmental authorities for the project in 2012. As of July 31, 2013, we have obtained the land-use rights for a portion of Phase I of the Heze Trade Center. We commenced construction of the Heze Trade Center in 2013. As of July 31, 2013 we were constructing wholesale trading markets, and had additional wholesale trading markets, shopping malls, office buildings, a residential area and certain supporting buildings and facilities planned for future development at this trade center project. When fully completed, the total GFA of Phase I of the Heze Trade Center with respect to which we have obtained land-use rights is estimated to be 611,609 sq.m.
- *Xingning Trade Center.* We entered into the master investment agreement with local governmental authorities for the project in 2012. As of July 31, 2013, we have obtained the land-use rights for a portion of Phase I of the Xingning Trade Center. As of July 31, 2013, wholesale trading markets, office buildings, and certain supporting buildings and facilities were planned for future development at this trade center project. When fully completed, the total GFA of Phase I of the Xingning Trade Center with respect to which we have obtained land-use rights is estimated to be 194,804 sq.m. We expect to commence construction at the Xingning Trade Center in 2014.

In addition, as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “– Our Trade Center Projects – Recent Development.”

The master investment agreements we entered into with local governmental authorities regarding some of these trade center projects also contemplate additional development properties which may be developed incrementally depending on our management team’s assessment of market conditions. As of July 31, 2013, we entered into master investment agreements with local government authorities regarding the development of ten projects. See “– Our Trade Center Projects – Other Development Plans.” In addition to these trade center projects, during the Track Record Period, we have also derived turnover through the sales of properties at (i) Shui’an Xintian, a residential complex located in Ganzhou, Jiangxi province and (ii) Haode Yinzuo, a high-end residential, commercial and office building project in Ganzhou, Jiangxi province. See “– Other Properties.”

Our business operations have experienced significant growth during the Track Record Period. We engage in the property development business, and our results of operations are significantly affected by the economic growth and regulatory measures of the real estate industry in China. In addition, as we focus on the development of large-scale trade center projects with an aggregate estimated GFA of more than 400,000 sq.m. and a development cycle of five to ten years, our results of operations are significantly affected by the total GFA and sales prices of properties delivered during any relevant period. In addition, we are also affected by our ability to control construction costs and acquire quality land at acceptable costs, land appreciation tax and cost of financing. See “Financial Information – Factors Affecting Our Results of Operations.” In particular, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our turnover amounted to RMB95.7 million, RMB832.7 million, RMB1,607.1 million, RMB640.3 million and RMB189.8 million,

respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our aggregate GFA of properties sold was approximately 17.0 thousand sq.m., 222.0 thousand sq.m., 355.7 thousand sq.m., 161.5 thousand sq.m. and 39.8 thousand sq.m., respectively. During the years ended December 31, 2010, 2011 and 2012, our profit for the year amounted to RMB12.2 million, RMB229.0 million and RMB214.8 million, respectively; and our adjusted profit for the year amounted to RMB12.2 million, RMB210.4 million and RMB507.1 million, respectively. For the six months ended June 30, 2012 and 2013, our net loss amounted to RMB88.5 million and RMB193.2 million, respectively. Our adjusted profit for the six months ended June 30, 2012 was RMB91.4 million and our adjusted loss for the six months ended June 30, 2013 was RMB144.3 million. Our sales backlog as of June 30, 2013, which represented the portion of the contract value of property products subject to property sales contracts entered into as of such date the associated revenue of which had not been recognized as of the same date, was RMB5,657.6 million.

OUR COMPETITIVE STRENGTHS

Market leader in the large-scale trade center development industry in China

We are a leading developer and operator of large-scale trade centers in China. Our market leadership is supported by our ability to execute multiple large-scale development projects at the same time across diverse regions in China. As of July 31, 2013, we were simultaneously developing eight trade center projects in six provinces and autonomous regions in China, six of which were large-scale trade centers. We ranked second based on our number of large-scale trade centers in China and ranked third based on our aggregate estimated and uncompleted GFA of large-scale trade centers in China as of the same date, according to Savills. As of the same date, we had a total land bank of 7.5 million sq.m. As of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “– Our Trade Center Projects – Recent Development.”

In addition, our project in Ganzhou, Jiangxi province has an estimated GFA of over 3.0 million sq.m. and our projects in Jining, Shandong and Wuzhou, Guangxi have an estimated GFA of over 1.0 million sq.m., placing them among the largest trade center projects being developed in China as of July 31, 2013, according to Savills. We have a strong project pipeline that ensures future growth potential. In addition to our current projects, we entered into master investment agreements for another two development projects with local regulatory authorities in China and were in the process of acquiring land-use rights with respect to these development properties as of July 31, 2013.

Proven business model with compelling value propositions to SMEs

We believe that our success is a direct result of our business model which focuses on property sales to owners of SMEs. We are committed to the long-term success of our trade center projects by catering to the preferences of these SMEs to own, instead of lease, properties to conduct their businesses. In particular, we design the early stages of our development projects to consist primarily of properties for sale, such as wholesale trading market units, and seek to sell the vast majority of our properties to SMEs who will actively conduct business at our trade centers. By focusing on sales to such purchasers, we are able to effectively develop

a bustling commercial environment at our trade centers in the early stages of our development projects. As an illustration, the effective occupancy rate⁷ of wholesale trading markets at the Ningxiang Trade Center was 92.5% on March 25, 2013, and the effective occupancy rate of wholesale trading markets at the Jining Trade Center was 88.8% on June 28, 2013. The continued growth of our customers' businesses and appreciation in the value of their purchased properties is firmly supported by the rapidly modernizing commercial areas where our trade centers are located. Furthermore, sales proceeds from the earlier stages of our development projects significantly reduce our dependence on alternative financial resources to meet our working capital requirements. The success of our initial-stage sales and the development that ensues allow us to increase the sales and lease prices of our properties in later development stages.

As a reflection of our customers' recognition of our value proposition, in April 2012, we received sales deposits with respect to 99% of the wholesale trading market units offered for pre-sale at our Yulin Trade Center within five days of launching pre-sales; in March 2013, we received sales deposits with respect to 88% of the wholesale trading market units offered for pre-sale at our Mianyang Trade Center within one month of launching pre-sales; and in May 2013, we received sales deposits with respect to 91% of the wholesale trading market units offered for pre-sale at our Ganzhou Trade Center within two weeks of launching pre-sales. As of July 31, 2013, 99%, 91%, 91%, 81% and 92% of the total saleable GFA of wholesale trading market units offered for pre-sale at the Ningxiang Trade Center, the Jining Trade Center, the Yulin Trade Center, the Mianyang Trade Center and the Ganzhou Trade Center, respectively, have been pre-sold or sold. Our proven business model sets us apart from our competitors and allows us to replicate our success and benefit from similar demand in cities across China.

Well-positioned to take advantage of significant market opportunities and strong government support

With support from current PRC national policies, we believe we are well-positioned to take advantage of the accelerating economic growth, urbanization and domestic consumption levels of more than 112 third-tier cities and 140 fourth-tier cities. Local governments in third- and fourth-tier cities have a pressing need to increase consumption levels, stimulate domestic consumption and local commerce, upgrade city scale and infrastructure, provide job opportunities, increase tax revenue and create sustainable economic growth. Limited by the existing commercial infrastructures within their cities that tend to be inefficient or obsolete, local governments are seeking experienced and reputable developers who can develop large-scale and transformative trade center projects.

As a leading developer and operator of large-scale trade centers in China led by an experienced management team with a proven track record of replicating our successes in various regions across China, we believe that we are well-positioned to assist local

⁷ The effective occupancy rate is calculated as the number of units of wholesale trading market sold and delivered with active business operations divided by the total number of sold and delivered wholesale trading market units.

governments in further stimulating local commerce, facilitating urbanization and, ultimately, upgrading and transforming their cities. We typically receive strong support from various government authorities, reflecting the scale of our trade center projects, our compelling value propositions and our management team's rich experience in developing trade center projects that we believe have benefited the local economies. For example, our trade center projects in Jining, Yulin, Ganzhou and Wuzhou have been designated as key development projects by provincial governments in recognition of their contribution to economic growth and city development. In addition, local governments typically offer us a wide range of incentives in order to secure our commitment, such as access to land resources at favorable locations and at competitive prices, governmental subsidies and the construction of necessary supporting infrastructure such as roads and utility connections. In addition, in line with the common practice for local governments to provide monetary support to trade center developers in China, we have historically received, and expect to continue to receive significant government grants in support of our trade center projects. See "Financial Information – Government Grants." We believe that we are well-positioned to take advantage of these favorable policies and incentives.

Vast and high quality land acquired at competitive costs

We believe that our land acquisition strategy yields a low land acquisition cost and that our market leadership and proven track record of aligning our interests with those of the local governments provides us with a competitive advantage and strong bargaining power when negotiating for and acquiring project sites. Local government authorities' recognition of our value proposition is in turn reflected in our ability to consistently negotiate favorable land acquisition terms. Our disciplined approach to land selection has contributed to our favorable land cost structure. In 2011 and 2012 and the six months ended June 30, 2013, our cost of sales relating to land acquisitions constituted approximately 20.5%, 17.2% and 13.8%, respectively, of our turnover. By July 31, 2013, the accommodation value⁸ of our eight trade center projects for which we had then received land-use rights certificates or entered into land grant contracts was approximately RMB279 per sq.m. Our low accommodation value gives us greater pricing flexibility to cater to a broader customer base and respond more effectively to changing market conditions. In the three years ended December 31, 2010, 2011 and 2012 and the seven months ended July 31, 2013, we obtained land-use rights or entered into land grant contracts for an aggregate of 4.5 million sq.m. of land, primarily located in strategically-selected suburban areas of cities which we believe have strong urbanization and economic growth prospects. We estimate that our current land reserves as of July 31, 2013 will be sufficient for our development needs for the next six years.

⁸ Accommodation value based on saleable GFA during a specified period is calculated by dividing (i) the total acquisition cost of the land with respect to which the land-use rights were acquired during such period by (ii) the total planned saleable GFA of properties planned for such land. Our total land acquisition costs for the years ended December 31, 2010, 2011 and 2012 and July 31, 2013 were RMB371 million, RMB358 million, RMB1,341 million and RMB575 million, respectively. The total planned saleable GFA of land acquired during the same periods was 0.8 million sq.m., 1.3 million sq.m., 5.2 million sq.m. and 2.1 million sq.m. respectively. By July 31, 2013, the accommodation value of our Ningxiang Trade Center was RMB643 per sq.m.; the accommodation value of our Jining Trade Center was RMB547 per sq.m.; the accommodation value of our Yulin Trade Center was RMB158 per sq.m.; the accommodation value of our Mianyang Trade Center was RMB507 per sq.m.; the accommodation value of our Ganzhou Trade Center was RMB231 per sq.m.; the accommodation value of our Wuzhou Trade Center was RMB157 per sq.m.; the accommodation value of our Heze Trade Center was RMB155 per sq.m.; and the accommodation value of our Xingning Trade Center was RMB86 per sq.m.

Strong project development execution capabilities

We benefit from our strong execution capabilities in developing numerous large-scale trade center projects across diverse regions in China. Our disciplined development approach is supported by the systematic procedure we apply at each key step of our development process. For example, in selecting sites for our projects, we closely cooperate with local governments and conduct a comprehensive analysis and research of city development plans and local market conditions. Final site selection decisions are made by our investment committee including eleven members, including all of our executive directors and senior management members, who have an average of more than ten years of combined relevant experience. We engage leading domestic and international design firms, such as Beijing Institute of Architectural Design and WS Atkins plc, to support our project planning and design. As part of the construction process, our centralized procurement department leverages our purchasing power at a group level to negotiate the best available price terms for large equipment such as elevators and air conditioning units. Our centralized procurement process and large scale purchases also give us considerable bargaining power with our contractors and suppliers. Our project sales team is able to effectively create strong demand for our trade center properties through targeted market analysis and directed advertising and promotion activities, and pre-sell our trade center properties at our designated selling prices within a short period of time. Our sales staff conducts face-to-face sales activities with prospective customers and discusses the benefits of moving their businesses to our trade centers where they can benefit from a more dynamic commercial environment. Our sales staff uses its knowledge of potential purchasers to ensure a satisfactory percentage of our properties are sold to SMEs. Our scale, market credibility and brand recognition also allow us to have access to dependable sources of financing for our projects, helping us to achieve prudent financial leverage.

An experienced management team with strong support from a leading institutional investor

The vision, experience and entrepreneurial spirit of our management team have contributed to our strong financial and operational performance and our ability to develop various large-scale projects in a highly disciplined and efficient manner. Our senior management has a proven ability to execute our business model in diverse regions across China. From 1995 to 2010, Mr. Wong Choihing, our chairman, executive Director and chief executive officer, together with his siblings and their families developed 19 trade center projects across seven provinces in China. For additional information, see “History and Corporate Structure – Our History and Development.” As a result, Mr. Wong Choihing, has accumulated approximately 18 years of experience in the trade center development and operation industry. Mr. Wong Choihing is regarded as one of the pioneers of China’s private sector and one of the leading entrepreneurs in the trade center development and operation industry. In addition to his extensive industry experience, Mr. Wong Choihing is currently a member of the National Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議全國委員會).

In addition, we believe that we will further benefit from the investment made in 2011 by Hony Capital, a leading private equity fund which focuses on investments in the greater China region, due to its rich experience in corporate finance, corporate governance and investment management, as well as from its international vision and long-term commitment to our business.

OUR STRATEGIES

Our goal is to strengthen our leading position in the large-scale trade center development industry in China. To achieve this goal, we intend to implement the following strategies:

Continue to expand into new cities with rapid economic growth

We intend to leverage our experience from our existing projects to develop large-scale trade centers in other cities in China. In particular, we plan to strategically expand our geographic presence by entering into additional third-and fourth-tier, and selected second-tier, cities with rapid economic growth and the need for large-scale trade center projects. Our current strategy is to commence two to three new development projects each year. We plan to actively look for suitable opportunities to develop trade center projects where we can leverage our strengths and achieve attractive rates of return. In particular, we seek to establish projects in cities that satisfy the following criteria:

- promising local and regional economic growth potential, particularly with respect to industries typically represented in our trade centers;
- potential for significant market demand for a large-scale trade center to stimulate the growth of local commerce and consolidate disorganized trading activities in the local and adjacent areas into a single integrated platform;
- cities with relatively large, dense populations that are centrally located;
- land sites with easy access to a well-developed transportation network; and
- recognition of our value proposition and ability to build a long-term cooperative relationship with the local government for the development project.

Continue to attract high-quality customers and enhance services to increase traffic flow and trading activities

To enhance profitability, we will continue to enhance our approach to developing our projects. We have adopted the following initiatives:

- *Attract and secure high-quality customers.* We believe that we will continue to benefit from word-of-mouth referrals from our existing customers. In addition, we will continue to expand our relationships with trade associations, domestic suppliers, manufacturers, distributors, other SMEs, and capitalize on our in-depth knowledge of the industries represented at our trade centers to secure high-quality clients to form the core of our customer base. Securing high-quality customers will raise the profile and reputation of our trade centers and increase the flow of trade and commerce at our trade centers.
- *Adopt a flexible sales strategy.* When we commence sales in a new trade center, we plan to offer more attractive sales and rental terms to high-quality clients, especially those key customers with expected significant trading volume. We will actively

adjust the sales strategy of our properties and the allocation of properties for sale or leasing, reflecting market perceptions of our trade centers, general property market conditions as well as the availability of comparable or similar properties in the local region. We generally seek to increase sales prices and rental rates after the initial sales phase, as we believe that our clients will have by then established operations at our trade center and benefited from the increased flow of business activities and the wide range of value-added supporting services and facilities.

- *Enhance the value-added services.* We intend to further improve the range and quality of value-added services available at our trade centers to meet our customers' needs. In particular, we plan to strengthen the strategic cooperation with existing service providers and introduce additional providers at our trade centers, such as leading commercial banks, telecommunications companies, catering service providers and logistic companies. By providing customers access to these value-added services, we believe we will facilitate commercial activities at our trade centers and advance the business interests of our customers. We will also continue to work closely with local governments to strengthen the infrastructure surrounding our trade centers, which we believe will increase traffic flow and stimulate trading activities in the area.

Seek to optimize the mix between properties for sales and properties for investment purposes

By maintaining a systematic but flexible approach, we seek to optimize the mix between properties that generate profit from sales and properties held for investment purposes which generate long-term recurring rental income and benefit from capital appreciation. We currently generate substantially all of our turnover from property sales, and as of July 31, 2013, we have not designated any property as properties held for investment purposes. We plan to continue executing our strategy of selling substantially all trade center properties in the early development stages of our projects to attract owners of SMEs, enhance our working capital position and finance a portion of our project development costs and create a vibrant commercial environment. As our current development projects enter later phases of development, typically three to five years after the initial development, we plan to retain a proportion of trade center properties as investment properties for long-term recurring income and capital appreciation. As a long-term goal, we plan to gradually increase the proportion of trade center properties held for investments purposes to 25% to 35% of our total trade center properties. We also plan to strategically adjust this percentage as we closely monitor the conditions of the PRC property market, as well as the specific conditions and stages of each trade center project. We however do not expect the change in product mix to have a material impact on our turnover source and business model in the coming one to three years. During the Track Record Period, we did not designate any investment property and all of our development properties were held for sale.

Promote “Hydoo” (毅德) brand image and engage in active marketing activities

We will continue to strengthen our brand image as a leading developer and operator of large-scale trade centers by continuing to develop quality, highly-integrated projects. We believe that such efforts will result in potential customers and local governmental authorities

associating our brand with successful, large-scale, integrated trade centers that create vibrant trading environments and provide strong return on investments. We believe such established and consistent brand image and reputation are highly effective in helping us to secure quality land resources from local governments and generate customer interest in our products. In addition to enhancing our brand image by delivering quality products, we also plan to engage in regional marketing initiatives, including advertising through a variety of media, such as television, newspapers and billboards. We also plan to organize and sponsor a variety of exhibitions and conferences at both national and local levels. In addition, we also intend to use a variety of public relations and promotion campaigns targeting potential customers, such as local SMEs active in the industries represented at our trade centers as well as regulatory authorities in China.

OUR TRADE CENTER PROJECTS

As of July 31, 2013, we had eight trade center projects in various stages of development located in six provinces and autonomous regions in China. Each trade center project includes various forms of constituent buildings that are subject to separate certificate, permit and approval requirements relating to project development. Each project may be divided into multiple phases and each phase may include different forms of constituent buildings based on our overall development plan. In addition, as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “– Recent Development.”

The properties of our development projects are classified into three categories based on their respective development stages:

- *Completed properties*, representing properties for which construction of all constituent buildings have been completed but which have not been fully sold.
- *Properties under development*, representing properties for which we have obtained land-use rights certificates and the construction work of which has commenced but has not been completed.
- *Properties planned for future development*, representing properties with respect to which (i) we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work (which we refer to in this prospectus as “properties planned for future development – with land grant contracts or land-use rights certificates”), or (ii) we have entered into master investment agreements with regulatory authorities in China and have not entered into land grant contracts with regulatory authorities in China (which we refer to in this prospectus as “additional properties planned for future development” and are described separately under the subsection headed “– Our Trade Center Projects – Other Development Plans”). As a result, information regarding our properties planned for future development included in this prospectus, such as project planning, design, function, constituent buildings and other features, reflects our current expectations only and is subject to government approvals and further changes.

BUSINESS

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:

<u>This prospectus</u>	<u>Property Valuation Report</u>	<u>Accountants' Report</u>
- Completed properties; - Properties under development; - Properties planned for future development, including: - Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates (or properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work); and - Additional Properties Planned for Future Development, (properties with respect to which we have entered into master investment agreements with regulatory authorities in China and have not entered into land grant contracts with regulatory authorities in China).	- Group I – properties held by the Group for occupation or for sale in the PRC (excluding completed properties that have been sold and delivered); - Group II – properties held by the Group under development in the PRC; - Group III – properties held by the Group for future development in the PRC; - Group IV – properties to be acquired by the Group in the PRC.	- Completed properties held for sale (excluding completed properties that have been sold); - Fixed assets; - Properties under development for sale; - Fixed assets; - Expenditure incurred for projects for which we have obtained land-use rights certificates are properties held for future development for sale within our current assets; - Expenditure incurred for projects for which we have not yet obtained land-use rights certificates are recorded as deposits, prepayments and other receivables.

BUSINESS

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.

The following table sets forth a summary for each trade center project of the actual/estimated GFA and percentage of actual/estimated GFA of (i) completed properties (including both delivered and undelivered properties), (ii) properties under development and (iii) properties planned for future development – with land grant contracts or land-use rights certificates, as of July 31, 2013. Unless otherwise indicated, the categorization of our development properties as well as information presented with respect to such properties in this prospectus are based on the development progress made as of July 31, 2013.

Trade Center Project	Completed properties		Properties under development		Properties planned for future development ^{Note}	
	Actual/ estimated GFA (sq.m.)	% of actual/ estimated total GFA	Actual/ estimated GFA (sq.m.)	% of actual/ estimated total GFA	Actual/ estimated GFA (sq.m.)	% of actual/ estimated total GFA
Ningxiang Trade Center	381,949	47.9%	–	–	61,767	1.1%
Jining Trade Center	318,441	40.0%	289,423	16.9%	594,360	10.8%
Yulin Trade Center	96,502	12.1%	187,458	10.9%	323,222	5.8%
Mianyang Trade Center	–	–	232,812	13.6%	106,302	1.9%
Ganzhou Trade Center	–	–	759,268	44.3%	2,806,735	50.8%
Wuzhou Trade Center	–	–	5,449	0.3%	1,066,349	19.3%
Heze Trade Center	–	–	237,785	13.9%	373,824	6.8%
Xingning Trade Center	–	–	–	–	194,804	3.5%
Total	796,892	100.0%	1,712,195	100.0%	5,527,363	100.0%

Note: Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

The following table sets forth detailed information of our trade center projects by constituent buildings at each trade center project as of July 31, 2013.

Trade Center	date ¹	date ²	date ³	(years)	area (sq.m.)	(sq.m.)	GFA (sq.m.)	pre-sold ⁴	(sq.m.) ⁵	undelivered	RMB ⁶	RMB ⁷	to the Group	Report
Ningxiang Trade Center														
Completed properties														
- Wholesale trading markets (Phase I)	2010	2010	2011	N/A	N/A	263,346	256,989	5,189	249,993	6,996	N/A	N/A	100%	2
- Freight-forwarding market (Phase D)	2010	2010	2011	N/A	N/A	17,131	10,294	-	10,294	-	N/A	N/A		
- Commercial and exhibition center (Phase D)	2010	N/A	2012	N/A	N/A	32,860	32,860	-	-	32,860	N/A	N/A		
- Warehouse (Phase I)	2010	2010	2011	N/A	N/A	25,155	24,837	205	3,960	20,877	N/A	N/A		
- Bust terminal and information center (Phase I)	2010	N/A	2012	N/A	N/A	12,441	10,655	-	-	10,655	N/A	N/A		
- Serviced apartments (Phase I)	2010	2013/9	2013/5	N/A	N/A	31,016	31,016	-	-	31,016	N/A	N/A		
Subtotal	N/A	N/A	N/A	N/A	N/A	381,949	366,651	5,394	264,247	102,404	803.3	-		
Properties planned for future development ⁸														
- Hotel (Phase I)	2013/11	N/A	N/A	N/A	N/A	61,767	51,286	-	-	51,286	7.7	164.8	100%	17
Subtotal	N/A	N/A	N/A	N/A	N/A	61,767	51,286	-	-	51,286	7.7	164.8		
Subtotal for Ningxiang Trade Center	N/A	N/A	N/A	36-39	301,387	443,716	417,937	5,394	264,247	153,690	811.0	164.8		
Jining Trade Center														
Completed properties														
- Wholesale trading markets (Phase D)	2010	2010	2012	N/A	N/A	249,570	249,248	14,873	211,305	37,943	N/A	N/A	100%	3
- Shopping mall (Phase I)	2010	2012	2012	N/A	N/A	68,871	67,151	1,095	15,510	51,641	N/A	N/A		
Subtotal	N/A	N/A	N/A	N/A	N/A	318,441	316,399	15,968	226,815	89,584	778.3	-		
Properties under development														
- Commercial center (Phase D)	2011	2014	2014	N/A	N/A	63,396	63,396	-	-	63,396	N/A	N/A	100%	5
- Hotel (Phase I)	2011	N/A	2014	N/A	N/A	112,362	112,362	-	-	112,362	N/A	N/A		
- Office buildings (Phase II)	2013/7	N/A	2014	N/A	N/A	8,805	8,805	-	-	8,805	N/A	N/A		
- Wholesale trading markets (Phase II)	2013/5	2013/9	2014	N/A	N/A	104,860	104,860	-	-	104,860	N/A	N/A		
Subtotal	N/A	N/A	N/A	N/A	N/A	289,423	289,423	-	-	289,423	373.5	509.6	100%	11
Properties planned for future development ⁸														
- Wholesale trading markets (Phase II)	2013/10	N/A	N/A	N/A	N/A	138,689	138,249	-	-	138,249	N/A	N/A		
- Warehouses (Phase II)	2013/12	N/A	N/A	N/A	N/A	131,757	131,757	-	-	131,757	N/A	N/A		
- Serviced apartments (Phase I)	2014	N/A	N/A	N/A	N/A	25,900	25,900	-	-	25,900	N/A	N/A		
- Office buildings (Phase I and Phase II)	2014	N/A	N/A	N/A	N/A	107,300	103,932	-	-	103,932	N/A	N/A		
- Residential area (Phase II)	2014	N/A	N/A	N/A	N/A	190,714	190,714	-	-	190,714	N/A	N/A		
Subtotal	N/A	N/A	N/A	N/A	N/A	594,360	590,552	-	-	590,552	-	1,295.8		
Subtotal for Jining Trade Center	N/A	N/A	N/A	37-69	975,863	1,202,224	1,196,374	15,968	226,815	969,559	1,151.8	1,805.4		
Yulin Trade Center														
Completed properties														
- Wholesale trading markets (Phase I)	2012	2012	2012	N/A	N/A	96,502	96,502	11,685	80,346	16,156	N/A	N/A	100%	4
Subtotal	N/A	N/A	N/A	N/A	N/A	96,502	96,502	11,685	80,346	16,156	231.9	-		
Properties under development														
- Wholesale trading markets (Phase I)	2012	2012	2013/12	N/A	N/A	11,549	7,025	2,140	-	7,025	N/A	N/A	100%	6
- Shopping malls (Phase I)	2012	2012	2014	N/A	N/A	175,909	133,855	63,565	-	133,855	N/A	N/A		
Subtotal	N/A	N/A	N/A	N/A	N/A	187,458	140,880	65,705	-	140,880	403.3	201.5	100%	12
Properties planned for future development ⁸														
- Wholesale trading markets (Phase I)	2014	N/A	N/A	N/A	N/A	115,978	115,978	-	-	115,978	N/A	N/A		
- Serviced apartments (Phase I)	2014	N/A	N/A	N/A	N/A	34,179	30,790	-	-	30,790	N/A	N/A		
- Shopping malls (Phase I)	2014	N/A	N/A	N/A	N/A	46,200	46,200	-	-	46,200	N/A	N/A		
- Hotel (Phase I)	2014	N/A	N/A	N/A	N/A	83,640	72,000	-	-	72,000	N/A	N/A		
- Office building (Phase I)	2014	N/A	N/A	N/A	N/A	43,225	43,225	-	-	43,225	N/A	N/A		

Trade Center	Actual/planned commencement date ¹	Actual/planned pre-sale/sale commencement date ²	Actual/planned construction completion date ³	Remaining term of land-use rights (years)	Actual/estimated total site area (sq.m.)	Actual/estimated total GFA (sq.m.)	Actual/estimated total saleable GFA (sq.m.)	GFA pre-sold ⁴	GFA delivered (sq.m.) ⁵	Saleable GFA undelivered	Development costs incurred (millions of RMB) ⁶	Estimated future development costs (millions of RMB) ⁷	Interest attributable to the Group	References to property valuation Report
Trade Center														
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	323,222	308,193	–	–	308,193	–	1,163.1		
Subtotal for Yulin Trade Center	N/A	N/A	N/A	48	330,387	607,182	545,575	77,390	80,346	465,229	635.2	1,364.6		
Manyang Trade Center														
<i>Properties under development</i>														
– Wholesale trading markets (Phase I)	2012	2013/3	2013/10	N/A	N/A	232,812	232,812	98,046	–	232,812	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	232,812	232,812	98,046	–	232,812	541.4	15.0	100%	10
<i>Properties planned for future development⁸</i>														
– Commercial pedestrian street (Phase I)	2013/10	N/A	N/A	N/A	N/A	47,801	22,152	–	–	22,152	N/A	N/A		
– Wholesale trading markets (Phase I)	2013/10	N/A	N/A	N/A	N/A	51,675	50,691	–	–	50,691	N/A	N/A		
– Supporting buildings and facilities	2013/10	N/A	N/A	N/A	N/A	6,826	6,826	–	–	6,826	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	106,302	79,669	–	–	79,669	–	264.5	100%	18
Subtotal for Manyang Trade Center	N/A	N/A	N/A	38	281,729	339,114	312,481	98,046	–	312,481	541.4	279.5		
Ganzhou Trade Center														
<i>Properties under development</i>														
– Wholesale trading markets (Phase I)	2012	2013/5	2013/12	N/A	N/A	588,068	536,313	491,492	–	536,313	N/A	N/A	100%	9
– Shopping malls (Phase I)	2012	2013/5	2014	N/A	N/A	171,200	127,401	56,339	–	127,401	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	759,268	663,714	547,831	–	663,714	720.2	1,071.0	100%	16
<i>Properties planned for future development⁸</i>														
– Commercial and exhibition center (Phase I)	2013/12	N/A	N/A	N/A	N/A	93,347	74,343	–	–	74,343	N/A	N/A		
– Wholesale trading markets (Phase I and II)	2013/12	N/A	N/A	N/A	N/A	29,261	29,261	–	–	29,261	N/A	N/A		
– Shopping malls (Phase I)	2013/12	N/A	N/A	N/A	N/A	521,621	437,689	–	–	437,689	N/A	N/A		
– Food Street (Phase II)	2014	N/A	N/A	N/A	N/A	42,783	33,638	–	–	35,638	N/A	N/A		
– Warehouses (Phase II)	2014	N/A	N/A	N/A	N/A	479,320	443,111	–	–	443,111	N/A	N/A		
– Bus terminal and shipping depot (Phase II)	2014	N/A	N/A	N/A	N/A	44,562	39,196	–	–	39,196	N/A	N/A		
– Office buildings (Phase II)	2015	N/A	N/A	N/A	N/A	666,953	535,096	–	–	535,096	N/A	N/A		
– Residential area (Phase II)	2015	N/A	N/A	N/A	N/A	389,816	415,985	–	–	415,985	N/A	N/A		
– Hotels (Phase II)	2017	N/A	N/A	N/A	N/A	339,072	238,262	–	–	238,262	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	2,806,735	2,248,581	–	–	2,248,581	–	7,673.4		
Subtotal for Ganzhou Trade Center	N/A	N/A	N/A	38-68	1,475,298	3,566,003	2,912,295	547,831	–	2,912,295	720.2	8,744.4		
Wuzhou Trade Center														
<i>Properties under development</i>														
– Supporting buildings and facilities	2013/6	N/A	2013/12	N/A	N/A	5,449	5,449	–	–	5,449	N/A	N/A	100%	7
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	5,449	5,449	–	–	5,449	9.5	10.0	100%	13
<i>Properties planned for future development⁸</i>														
– Wholesale trading markets (Phase I)	2013/10	N/A	N/A	N/A	N/A	289,881	289,881	–	–	289,881	N/A	N/A		
– Commercial and exhibition center (Phase I)	2013/8	N/A	N/A	N/A	N/A	67,855	48,960	–	–	48,960	N/A	N/A		
– Residential area (Phase I)	2013/12	N/A	N/A	N/A	N/A	311,157	238,891	–	–	238,891	N/A	N/A		
– Shopping malls (Phase I)	2013/12	N/A	N/A	N/A	N/A	95,733	81,018	–	–	81,018	N/A	N/A		
– Office buildings (Phase I)	2013/12	N/A	N/A	N/A	N/A	182,158	145,358	–	–	145,358	N/A	N/A		
– Hotel (Phase I)	2014	N/A	N/A	N/A	N/A	119,565	89,565	–	–	89,565	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	1,066,349	893,673	–	–	893,673	16.6	3,011.9		
Subtotal for Wuzhou Trade Center	N/A	N/A	N/A	39-69	599,642	1,071,798	899,122	–	–	899,122	26.1	3,021.9		

Trade Center	Actual/planned construction commencement date ¹	Actual/planned pre-sale/sale commencement date ²	Actual/planned construction completion date ³	Remaining term of land-use rights (years)	Actual/estimated total site area (sq.m.)	Actual/estimated total GFA (sq.m.)	Actual/estimated total saleable GFA (sq.m.)	GFA pre-sold ⁴	GFA delivered (sq.m.) ⁵	Saleable GFA undelivered	Development costs incurred (millions of RMB) ⁶	Estimated future development costs (millions of RMB) ⁷	Interest attributable to the Group	References to property valuation Report
Heze Trade Center														
<i>Properties under development</i>														
– Wholesale trading markets (Phase D)	2013/7	2013/11	2014	N/A	N/A	237,785	237,785	–	–	237,785	N/A	N/A	100%	8
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	237,785	237,785	–	–	237,785	2.4	496.9		
<i>Properties planned for future development⁸</i>														
– Wholesale trading markets (Phase D)	2013/11	N/A	N/A	N/A	N/A	108,377	98,197	–	–	98,197	N/A	N/A		
– Shopping malls (Phase D)	2015	N/A	N/A	N/A	N/A	161,688	117,878	–	–	117,878	N/A	N/A		
– Office buildings (Phase D)	2016	N/A	N/A	N/A	N/A	58,924	58,924	–	–	58,924	N/A	N/A		
– Residential area (Phase D)	2016	N/A	N/A	N/A	N/A	37,583	37,583	–	–	37,583	N/A	N/A		
– Supporting building and facilities	2013/11	N/A	N/A	N/A	N/A	7,252	6,565	–	–	6,565	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	373,824	319,147	–	–	319,147	–	884.4		
<i>Subtotal for Heze Trade Center</i>	N/A	N/A	N/A	40	392,280	611,609	556,932	–	–	556,932	2.4	1,381.3		
Xingqing Trade Center														
<i>Properties planned for future development⁸</i>														
– Wholesale trading markets (Phase D)	2014	N/A	N/A	N/A	N/A	140,834	140,834	–	–	140,834	N/A	N/A	80%	15
– Office buildings (Phase D)	2015	N/A	N/A	N/A	N/A	46,615	46,615	–	–	46,615	N/A	N/A		
– Supporting buildings and facilities	2014	N/A	N/A	N/A	N/A	7,355	7,355	–	–	7,355	N/A	N/A		
<i>Subtotal</i>	N/A	N/A	N/A	N/A	N/A	194,804	194,804	–	–	194,804	1.0	435.1		
<i>Subtotal for Xingqing Trade Center</i>	N/A	N/A	N/A	N/A	170,509	194,804	194,804	–	–	194,804	1.0	435.1		
Total for all trade centers	N/A	N/A	N/A	39.69	4,527,095	8,036,450	7,035,520	744,629	571,408	6,464,112	3,889.1	17,197.0		

- 1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.
- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale or sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development – with land grant contracts or land-use rights certificates, the planned construction completion date reflects our estimate based on our current development plan.
- 4 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 6 Based on our internal records or estimates and includes construction costs and capitalized finance costs.
- 7 Based on our internal records or estimates and includes construction costs and capitalized finance costs.
- 8 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

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The following table sets forth certain information, as of July 31, 2013, with regard to the occupancy status of our wholesale trading market units that have been delivered during the Track Record Period:

	Saleable	Pre-sold		Sold		Leased	
	GFA	GFA ⁽¹⁾	%	GFA ⁽²⁾	%	GFA ⁽³⁾	%
	GFA in square meters						
Ningxiang Trade Center Wholesale Trading Markets							
Area A (hardware and electric tools)	168,130	4,212	2.5%	162,908	97.4%	—	—
Area B (hardware and building materials, furniture and home electronics).	9,892	—	0.0%	9,892	100.0%	—	—
Area C (clothing and bulk food).	71,265	800	1.1%	70,022	98.3%	—	—
Food street	7,702	177	2.3%	7,171	93.1%	—	—
Subtotal.	256,989	5,189	2.0%	249,993	97.3%	—	—
Jining Trade Center Wholesale Trading Markets							
Area A (bulk foods and tea products)	44,574	2,735	6.1%	40,417	90.7%	—	—
Area B (hardware and electric tools)	134,725	9,048	6.7%	112,154	83.2%	—	—
Area C (building materials and furniture)	69,949	3,090	4.4%	58,734	84.0%	—	—
Subtotal.	249,248	14,873	6.0%	211,305	84.8%	—	—
Yulin Trade Center Wholesale Trading Markets							
Area A (general goods)	46,354	2,346	5.1%	43,294	93.4%	—	—
Area B (lighting fixtures, ceramic fixtures).	50,148	9,339	18.6%	37,052	73.9%	—	—
Subtotal.	96,502	11,685	12.1%	80,346	83.3%	—	—
Total	602,739	31,747	5.9%	541,644	89.9%	—	—

1 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers. Percentages are calculated as the GFA pre-sold as a portion of the total saleable GFA.

2 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers. Percentages are calculated as the GFA sold as a portion of the total saleable GFA.

3 Refers to the aggregate GFA of relevant properties set forth in lease agreements. Percentages are calculated as the GFA leased as a portion of the total saleable GFA.

In determining planned dates (including the planned dates of construction commencement and completion for properties under development and properties planned for future development and the planned dates of pre-sale or sale commencement and property delivery) and estimated site area and GFA information, we rely on certain assumptions, including that: (i) there will be no material change with respect to the general economic conditions in the PRC, performance of the PRC property market or demand for our trade center products, particularly in the regions where we plan to develop these properties; (ii) there will be no material change in the regulatory regime governing the real estate market in the PRC which could adversely affect our ability to develop such properties; (iii) there will be no significant delay or obstacle in obtaining necessary licenses and approvals to develop such properties, or any such licenses and approvals obtained are not subject to any material changes or amendments; (iv) we will be

able to finance the project development through a combination of our working capital, external borrowings and other debt and equity financing on a timely basis; (v) we will be able to obtain the land-use rights with respect to the lands identified for our properties planned for future development as expected without any significant delay or difficulty; (vi) we will be able to carry out the development plan as set out in the master investment agreement without any material delay or significant changes or amendments to the development plan with respect to properties held for future development which we have not entered into land grant contracts with regulatory authorities in China; (vii) services provided by third party contractors, including our construction contractors, will meet our quality standards and requirements; (viii) there will be no material increase in the costs and expenses relating to the construction and development of the properties, including costs of construction materials and labor in the PRC; and (ix) we will not be involved in any material legal or other proceedings that could significantly affect our project development process. These estimates and plans are forward-looking statements and are outside of our control. See “Forward-looking Statements.”

Based on the above assumptions, estimated site area and GFA information in this prospectus is derived on the following bases:

- Site area information:
 - If we have received the land-use rights certificates with respect to certain properties, the site area information in respect of such properties refers to the site area information set forth in the land-use rights certificates; and
 - If we have not received the land-use rights certificates with respect to certain properties, the site area information in respect of such properties is estimated based on the site area information set forth in the land grant contract, or if not yet available, the master investment agreements signed with regulatory authorities in China relating to such properties (excluding the areas identified for public use, such as roads, community recreation zones or other public infrastructure).
- Total GFA information:
 - If the construction of the properties is completed and a completion inspection filing has been made, the total GFA information in respect of such completed properties refers to the total GFA information set forth in the completion certificate; or
 - If the completion inspection filing has not been made, the total GFA information in respect of such properties is estimated based on: (i) the total GFA information set forth in the construction work commencement permit; (ii) the total GFA information set forth in the construction work planning permit if the construction work commencement permit is not yet available; (iii) our current development plans if none of the above documents is otherwise available; or (iv) the total GFA information if any is indicated in the master investment agreement we entered into with regulatory authorities in China.

The total GFA generally includes non-saleable GFA and saleable GFA. Non-saleable GFA generally includes GFA of properties that are not saleable pursuant to PRC laws and regulations, such as communal facilities, underground space for civil defense purposes and parking lots. Saleable GFA generally refers to the GFA of properties that are saleable pursuant to PRC laws and regulations, including internal floor area and shared areas that are exclusively allocated to such properties.

In terms of GFA, the largest class of constituent buildings at each of our trade centers is wholesale trading markets. These wholesale trading markets generally consist of numerous two-to three-story buildings that are typically each approximately 16-20 meters by 40-80 meters. Each building is divided by a road that is approximately 10-20 meters wide. This design layout optimizes the amount of storefront area so that shoppers can move easily between stores and also allows vehicles to move between units in order to transfer merchandise. This design addresses a problem in many of China's trading markets where vehicular access is a common bottleneck.

Each building that forms a part of our wholesale trading markets is typically divided into 15-35 units that have an average GFA of 70-140 sq.m. The ground floor of each unit is generally used for product display, while the upper floors are either used for display or for offices or storage. Purchasers of our units have the option of purchasing several adjoining units to create larger shops. This flexibility allows us to accommodate the varying space and design requirements of our unit purchasers.

The buildings that comprise the wholesale trading markets at our trade centers are generally similar in size and function, though the exterior finishing may differ between trade centers. This uniform approach allows us to save design and construction costs while providing flexibility in creating distinctive designs at each of our trade centers. From time to time, we also tailor the design of our wholesale trading markets to fit the particular needs of the industry served. For example, in the Mianyang and Ganzhou Trade Centers the wholesale trading markets are designed with a split-level floor plan to accommodate the hilly topography of the area. To accommodate the needs of our customers, we may also increase the height of certain of our wholesale trading market buildings.

Ningxiang Trade Center



The Ningxiang Trade Center is located in Ningxiang, a county of Changsha city, the capital of Hunan. Ningxiang is located approximately 25 kilometers to the west of Changsha and is the top producer of agricultural products, particularly rice, tea and pork products in Hunan in recent years. The Changsha government has adopted a plan of developing the area west of Changsha that includes Ningxiang into a key trade and commercial region. Ningxiang is conveniently connected to Shi-Chang Railway (石長鐵路) that connects Shimen with Changsha. In addition, it is also connected to the Chang-Chang Freeway (長常高速) that connects Changsha with Changde and Highway 319 (319國道) that connects Chengdu in western China with Xiamen in eastern China.

The Ningxiang Trade Center is located approximately three kilometers west of Ningxiang's city center. Highway 319 runs along the eastern edge of the Ningxiang Trade Center and provides Ningxiang with convenient access to other key cities in Hunan, such as Changsha, Zhuzhou and Xiangtan. It is also conveniently connected to the Second Ring Road of Ningxiang and is within ten kilometers of the Ningxiang train station. The following map illustrates the location of this trade center project.



In 2009, the Ningxiang Trade Center was recognized as a “National Guangcai Key Project” (全國光彩事業重點項目), a distinction given by the China Society for Promotion of Guangcai Program (中國光彩事業促進會) to selected development projects operated by private enterprise in China in recognition of their significant contributions in promoting local economic growth, conducting public interest activities, and creating employment opportunities.

The Ningxiang Trade Center is currently designed to consist of three phases. Pursuant to the master investment agreement for the Ningxiang Trade Center, 30% of the property in terms of GFA must be retained and used for self-use or leasing purposes. Phase I consists primarily of wholesale trading markets, a freight-forwarding market, a commercial and exhibition center, warehouses, bus terminal and information center, serviced apartments and a hotel. As of July 31, 2013, we had acquired land-use rights for all of Phase I encompassing a total site area of 301,387 sq.m. and had completed most of the construction work for Phase I. When fully completed, Phase I of the Ningxiang Trade Center is expected to have a total GFA of 443,716 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and

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capitalized finance costs, of approximately RMB811.0 million. We estimate that we will incur additional development costs of approximately RMB164.8 million upon completion of Phase I. Phase II and Phase III are subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See "– Other Development Plans – Ningxiang Trade Center – Additional Properties Planned for Future Development." Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

The following image shows the layout of the Ningxiang Trade Center's constituent buildings.



The following table sets forth an overview of properties and constituent buildings within the Ningxiang Trade Center as of July 31, 2013.

Properties	Actual/ planned construction commencement date ¹	Actual/ planned pre- sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre- sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶
Completed properties								
Wholesale trading markets (Phase I).	2010	2010	2011	2011	263,346	256,989	5,189	249,993
Freight-forwarding market (Phase I).	2010	2010	2011	2011	17,131	10,294	–	10,294
Commercial and exhibition center (Phase I).	2010	N/A	2012	N/A	32,860	32,860	–	–
Warehouse (Phase I)	2010	2010	2011	2011	25,155	24,837	205	3,960
Bus terminal and information center (Phase I).	2010	N/A	2012	N/A	12,441	10,655	–	–
Serviced apartments (Phase I).	2010	2013/9	2013/5	2013/9	31,016	31,016	–	–
Subtotal.					381,949	366,651	5,394	264,247
Properties planned for future development⁷								
Hotel (Phase I).	2013/11	N/A	N/A	N/A	61,767	51,286	–	–
Subtotal.					61,767	51,286	–	–
Total					443,716	417,937	5,394	264,247

- 1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.
- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- 4 The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 6 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 7 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Completed Properties

Wholesale trading markets.



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Phase I of the Ningxiang Trade Center includes wholesale trading markets that consist of 71 three-story buildings with an aggregate GFA of 263,346 sq.m. and an aggregate saleable GFA of 256,989 sq.m. All the buildings that comprise our wholesale trading markets follow our typical design for wholesale trading markets. The wholesale trading market buildings are designed in a simple-European architectural style that employs large flat white surfaces, multi-colored brick columns and hanging eaves.

Our wholesale trading markets are divided into three areas. Area A primarily sells building materials; Area B primarily sells hardware and building materials, furniture and home electronics; and Area C primarily sells general goods and bulk food. We believe that these industry zones are responsive to local market needs.

In addition, in 2011, we completed a “food street” that extends for approximately 210 meters in the center of our trade center. The “food street” consists of 38 units that we have sold to restaurants and vendors who sell ready-to-eat foods.



We commenced pre-sales of the wholesale trading market units in 2010, completed construction in 2011 and started to deliver finished units to our customers in 2011. As of July 31, 2013, we sold and delivered approximately 97.3% of the aggregate saleable GFA, or 249,993 sq.m. of the wholesale trading market units; and pre-sold approximately 2.0% of the aggregate saleable GFA, or 5,189 sq.m. of the wholesale trading market units.

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The following table sets forth key information of our completed properties by industry zone as of July 31, 2013.

Industry Zone	GFA			Number of Units		
	Saleable	Pre-sold ⁽¹⁾	Sold ⁽²⁾	Saleable	Pre-sold ⁽¹⁾	Sold ⁽²⁾
	(in square meters)					
Area A (building materials)	168,130	4,212	162,908	1,294	26	1,265
Area B (hardware and building materials, furniture and home electronics)	9,892	—	9,892	84	—	84
Area C (general goods and bulk food)	71,265	800	70,022	590	6	582
Food street	7,702	177	7,171	41	1	38
Total	256,989	5,189	249,993	2,009	33	1,969

- 1 Refers to the aggregate GFA or number of units of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 2 Refers to the aggregate GFA or number of units of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.

Freight-forwarding market.



Phase I of the Ningxiang Trade Center includes a freight-forwarding market. The freight-forwarding market, which has a GFA of 17,131 sq.m. and a saleable GFA of 10,294 sq.m., is a hybrid between a traditional store and a freight-loading depot. The freight-forwarding market consists of two, 200 meter by 10 meter, three-story buildings that are connected under a common roof. Each building is divided into 50 units that are each approximately 4 meters by 10 meters. A road that is approximately 30 meters wide runs between the two buildings, allowing trucks to transport merchandise. On either side of the road are freight-forwarding market units that load and unload merchandise. The freight-forwarding market is located within close proximity to our warehouses which will allow our customers to conveniently place merchandise in longer-term storage as needed. Most of the units at our freight-forwarding market have been sold to logistic companies that serve local and national markets.

We commenced pre-sales of the freight-forwarding market units in 2010, completed construction in 2011 and delivered finished units to our customers in 2011. As of July 31, 2013, we had sold all of the freight-forwarding market units with an aggregate saleable GFA of 10,294 sq.m.

Commercial and exhibition center.



Phase I of the Ningxiang Trade Center includes a commercial and exhibition center. The three-story commercial and exhibition center features a modern glass and steel design with a broad sweeping roof over the entrance supported by six metal pillars and was designed by Shenzhen Jinshi Architecture and Engineering Co., Ltd. The total GFA is 32,860 sq.m. and the total saleable GFA is 32,860 sq.m. We expect the shop spaces to sell furniture and home decoration products. We commenced construction of the commercial and exhibition center in 2010 and completed construction in 2012. We plan to lease the entire commercial and exhibition center beginning in 2014.

Warehouse. Phase I of the Ningxiang Trade Center includes a warehouse that consists of a single three-story building with an aggregate GFA of 25,155 sq.m. and a saleable GFA of 24,837 sq.m. We commenced construction of the warehouse in 2010 and completed construction in 2011. We plan to lease all of the warehouse units and expect the leases to commence in 2014.

Bus terminal and information center. In 2012, we completed construction of a long-distance bus terminal and information center to facilitate the transportation of people to and from the Ningxiang Trade Center. We have leased the bus terminal and information center to Hunan Longxiang Transportation Development Group Limited – Ningxiang Branch for a term of four years beginning from 2012.

Serviced apartments. Phase I of the Ningxiang Trade Center includes serviced apartments. The serviced apartments are a 25-story residential building that contains approximately 500 apartment units, with an aggregate GFA of 31,016 sq.m. and an aggregate saleable GFA of 31,016 sq.m. The ground floor primarily consist of restaurants and stores. The serviced apartments offer amenities such as a clubhouse and gym facilities. We commenced construction of the serviced apartments in 2010 and completed construction in May 2013. We plan to sell the majority of the apartment units and commenced pre-sales in September 2013. We plan to retain the remaining portion for leasing.

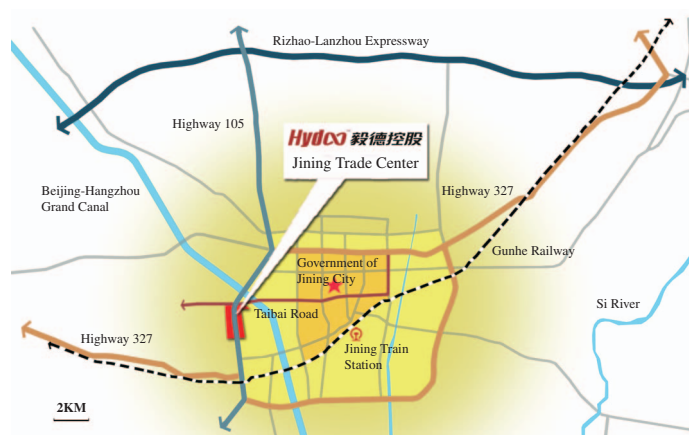
Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Zhongtailai Hotel. Phase I of the Ningxiang Trade Center is expected to include a hotel. The hotel is designed to consist of a four-to five-story building with a single 23-story tower and an aggregate GFA of 61,767 sq.m. The first two floors will consist primarily of shop spaces with an aggregate saleable GFA of 9,400 sq.m. that we plan to sell. We anticipate that the hotel will have approximately 250-300 guestrooms. We plan to retain ownership of the hotel and enter into a framework agreement with a reputable hotel operator in China to operate the hotel. We obtained the land-use rights certificate with respect to the land planned for the hotel in 2010. We plan to commence construction in November 2013.

Jining Trade Center

The Jining Trade Center is located in Jining, a city in southwestern Shandong near the intersection of Shandong, Henan, Anhui and Jiangsu provinces that connects northern China with eastern China. It is approximately 30 kilometers southwest of Yanzhou, 190 kilometers south of Jinan and 300 kilometers west of Rizhao. Jining lies at the intersection of two major national highways, Highway 104 and Highway 105, which are two of the twelve national highways from Beijing to other provinces in China. Highway 105 bisects the Jining Trade Center enabling us and our customers to conveniently transport large volumes of goods in and out of the trade center.

The Jining Trade Center is located approximately 6 kilometers west of Jining's city center and is easily accessible by a number of connecting bus lines. It is also within 10 kilometers of the Jining train station and within 30 kilometers of the Jining Qufu airport. In 2010, the local government of Jining announced its plan of further developing the region west of Jining where our trade center is located. The following map illustrates the location of this trade center project.

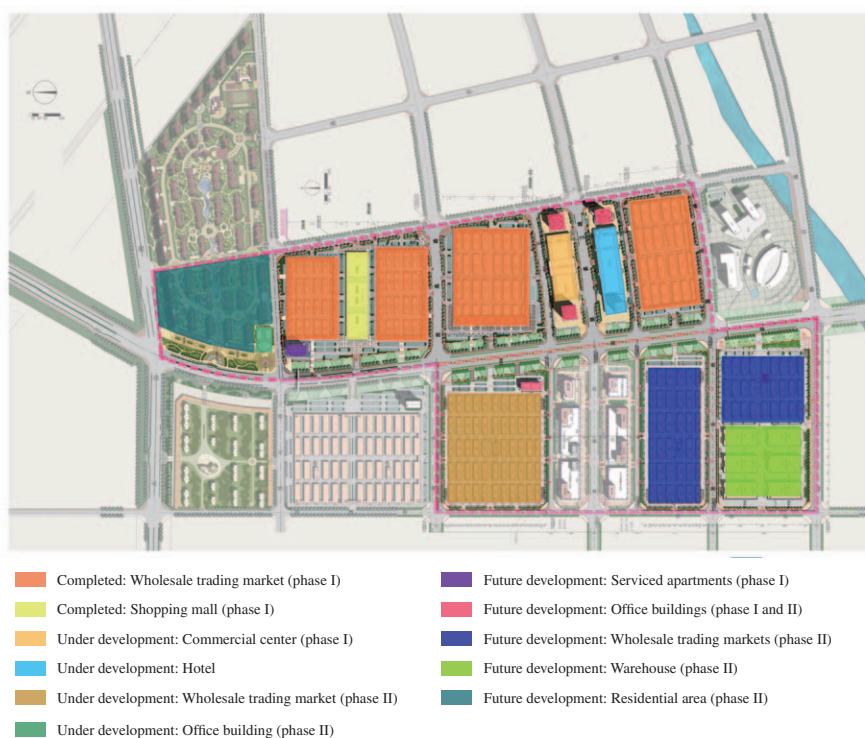


In 2010, the Jining Trade Center was recognized as a “Key Development Project in Shandong Province” (山東省重點建設項目) by the Provincial Government of Shandong Province and a “Key Development Project in Service Industry in Shandong Province” (山東省重點服務業建設項目) by the Shandong Development and Reform Commission, the Shandong Provincial Department of Land and Resources and the Jinan Branch of the People's Bank of China.

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The Jining Trade Center is currently designed to consist of three phases. Phase I consists primarily of wholesale trading markets, a shopping mall, a commercial center, a hotel, serviced apartments and office buildings. Phase II consists primarily of wholesale trading markets, warehouses, office buildings and a residential area. As of July 31, 2013, we had acquired land-use rights for all of Phase I and Phase II encompassing a total site area of 975,863 sq.m. and had commenced construction of Phase I and Phase II. When fully completed, Phase I and Phase II of the Jining Trade Center are expected to occupy an aggregate site area of 975,863 sq.m. and have an aggregate total GFA of 1,202,224 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB1,151.8 million. We estimate that we will incur additional development costs of approximately RMB1,805.4 million upon completion of Phase I and Phase II. Phase III is subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See “– Other Development Plans – Jining Trade Center – Additional Properties Planned for Future Development.” Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

The following image shows the layout of the Jining Trade Center's constituent buildings.



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The following table sets forth an overview of properties and constituent buildings within the Jining Trade Center as of July 31, 2013.

Properties	Actual/ planned construction commencement date ¹	Actual/ planned pre- sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre- sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶
Completed properties								
Wholesale trading markets (Phase I)	2010	2010	2012	2012	249,570	249,248	14,873	211,305
Shopping mall (Phase I)	2010	2012	2012	2012	68,871	67,151	1,095	15,510
Subtotal	N/A	N/A	N/A	N/A	318,441	316,399	15,968	226,815
Properties under development								
Commercial center (Phase I)	2011	2014	2014	2014	63,396	63,396	–	–
Hotel (Phase I)	2011	N/A	2014	2014	112,362	112,362	–	–
Office building (Phase II)	2013/7	N/A	2014	2014	8,805	8,805	–	–
Wholesale trading markets (Phase II)	2013/5	2013/9	2014	2014	104,860	104,860	–	–
Subtotal	N/A	N/A	N/A	N/A	289,423	289,423	–	–
Properties planned for future development⁷								
Wholesale trading markets (Phase II)	2013/10	N/A	N/A	N/A	138,689	138,249	–	–
Warehouses (Phase II)	2013/12	N/A	N/A	N/A	131,757	131,757	–	–
Serviced apartments (Phase I)	2014	N/A	N/A	N/A	25,900	25,900	–	–
Office buildings (Phase I and Phase II)	2014	N/A	N/A	N/A	107,300	103,932	–	–
Residential area (Phase II)	2014	N/A	N/A	N/A	190,714	190,714	–	–
Subtotal	N/A	N/A	N/A	N/A	594,360	590,552	–	–
Total	N/A	N/A	N/A	N/A	1,202,224	1,196,374	15,968	226,815

- 1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.
- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- 4 The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 6 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 7 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Completed Properties



Wholesale trading markets.

Phase I of the Jining Trade Center includes wholesale trading markets. These wholesale trading markets consist of 104 buildings with an aggregate GFA of 249,570 sq.m. and an aggregate saleable GFA of 249,248 sq.m. All the buildings that comprise our wholesale trading markets follow our typical design for wholesale trading markets, except that the buildings along the perimeter of each cluster of wholesale trading market buildings are three stories while the buildings in the interior are two stories.

We commenced pre-sales of the wholesale trading market units in 2010, completed construction in 2012 and started to deliver finished units to our customers in 2012. As of July 31, 2013, we sold and delivered approximately 84.8% of the aggregate saleable GFA, or 211,305 sq.m. of the wholesale trading market units; and pre-sold approximately 6.0% of the aggregate saleable GFA, or 14,873 sq.m. of the wholesale trading market units.

Our wholesale trading market is divided into three areas. Area A primarily sells bulk foods and tea products; Area B primarily sells hardware and electric tools; and Area C primarily sells building materials and furniture. The following table sets forth key information of our completed wholesale trading markets by industry zone as of July 31, 2013.

Industry Zone	GFA			Number of Units		
	Saleable	Pre-sold ⁽¹⁾	Sold ⁽²⁾	Saleable	Pre-sold ⁽¹⁾	Sold ⁽²⁾
	(in square meters)					
Area A (bulk foods and tea products).	44,574	2,735	40,417	496	27	455
Area B (hardware and electric tools)	134,725	9,048	112,154	1,379	69	1,231
Area C (building materials and furniture).	69,949	3,090	58,734	742	28	638
Total	249,248	14,873	211,305	2,617	124	2,324

- 1 Refers to the aggregate GFA or number of units of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 2 Refers to the aggregate GFA or number of units of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.

Shopping mall.

Phase I of the Jining Trade Center includes one completed shopping mall. This shopping mall, located in the northeast of the Jining Trade Center, is a modern four-story steel and glass building where we anticipate that products such as general goods and clothing will be sold.

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The shopping mall has an aggregate GFA of 68,871 sq.m. and an aggregate saleable GFA of 67,151 sq.m. We plan to sell all of the shopping mall units. We commenced construction of the shopping mall in 2010 and completed construction in 2012 and began to deliver finished units to customers in 2012. As of July 31, 2013, we sold and delivered approximately 23.1% of the aggregate saleable GFA, or 15,510 sq.m. of the shopping mall units; and pre-sold approximately 1.6% of the aggregate saleable GFA, or 1,095 sq.m. of the shopping mall units.

Properties under Development

Commercial center. Phase I of the Jining Trade Center includes a commercial center. The four-story commercial center will have a total GFA of 63,396 sq.m. The first three floors will contain shop space that will occupy a total saleable GFA of 38,017 sq.m. We expect the shop space to be primarily used for selling furniture and home decoration products. The fourth floor will contain exhibition facilities with a total GFA of 12,062 sq.m. The commercial center will also contain a total of approximately 320 car parking spaces. We commenced construction of the commercial center in 2011 and expect to complete construction in 2014. We plan to sell a majority of the shop space at the Jining commercial center and retain the remaining portion for leasing. We expect the pre-sale of commercial center units to commence in 2014.

Hotel. Phase I of the Jining Trade Center will include a 24-story hotel and adjoining shopping area consisting of a four-story building. The aggregate estimated GFA of this structure is 112,362 sq.m. We anticipate that the hotel will have approximately 320 guestrooms and have an aggregate estimated GFA of 37,957 sq.m. The shopping area adjoining the hotel will have an aggregate estimated GFA of 74,405 sq.m. and it is currently contemplated that products such as furniture, building materials and home decoration items will be sold there. We commenced construction of the hotel in 2011 and expect to complete construction in 2014. We plan to retain ownership of the hotel for leasing and plan to sell all the units in the shopping area.

Office building. Phase II of the Jining Trade Center will include a single four-story office building. The office building will have a total GFA of 8,805 sq.m. We commenced construction of the office building in July 2013 and expect to complete construction in 2014. We plan to retain all of the office building units for self use.

Wholesale trading markets. Phase II of the Jining Trade Center includes additional wholesale trading markets that will have an aggregate GFA of 104,860 sq.m. and a saleable GFA of 104,860 sq.m. We commenced construction of the wholesale trading markets in May 2013, commenced pre-sales in September 2013 and plan to complete construction in 2014. We plan to sell all of the wholesale trading market units.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Wholesale trading markets. Phase II of the Jining Trade Center is designed to include wholesale trading markets with an aggregate estimated GFA of 138,689 sq.m. We obtained land-use rights for the land to be developed for the wholesale trading markets in 2012. We plan to commence construction in October 2013. We anticipate that we will sell all of the units of the wholesale trading markets.

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Warehouses. Phase II of the Jining Trade Center is designed to include warehouses with an aggregate estimated GFA of 131,757 sq.m. We obtained land-use rights for the land to be developed for the warehouses in 2012 and 2013. We plan to commence construction in December 2013. We anticipate that we will retain all of the warehouses for leasing.

Serviced apartments. Phase I of the Jining Trade Center is designed to include serviced apartments with a total of approximately 200 apartment units, an aggregate GFA of 25,900 sq.m. and an aggregate saleable GFA of 25,900 sq.m. We obtained land-use rights for the land to be developed for the serviced apartments in 2011. We expect to commence construction of the serviced apartments in 2014. We plan to sell all of the apartment units.

Office buildings. Phase I and Phase II of the Jining Trade Center are designed to include four high-rise office buildings (18-25 floors) and one four-story office building. These office buildings have a planned aggregate GFA of 107,300 sq.m. and a planned aggregate saleable GFA of 103,932 sq.m. We obtained land-use rights for the land to be developed for the office buildings in 2011, 2012 and 2013. We expect to commence construction of the office buildings in 2014. We plan to sell all of the office buildings to independent third parties.

Residential area. Phase II of the Jining Trade Center is expected to include a residential area that will consist of approximately eight residential towers, each with 32 floors, and 16 low-rise apartment buildings, each with four floors, that will have an aggregate estimated GFA of 190,714 sq.m. We plan to commence construction of the residential area in 2014. We received land-use rights for the land supporting the residential area in 2012 and 2013. We plan to sell all of the residential area units.

Yulin Trade Center



The Yulin Trade Center is located in Yulin, a key political and economic city in southeastern Guangxi, that serves as a gateway connecting China with several key member countries of the Association of Southeast Asian Nations, or ASEAN. Yulin is approximately 200 kilometers east of Nanning, the capital of Guangxi. It lies along Guang-Kun Freeway (or G80, 廣昆高速), a major expressway that connects Guangzhou in Guangdong, Nanning in Guangxi and Kunming in Yunnan. In 2008, the State Council designated the Beibu Gulf (北部灣), the southern coastal area in Guangxi that includes Yulin, as a key economic zone to promote regional development and economic exchanges with countries in Southeast Asia.

The Yulin Trade Center is located approximately two kilometers from Yulin's city center. The trade center's northern edge is bounded by Yulin's Second Ring Road. It is three kilometers from Guang-Kun Freeway and is within 10 kilometers of the Yulin train station that is conveniently connected to the national and local railway system. The following map illustrates the location of this trade center project.

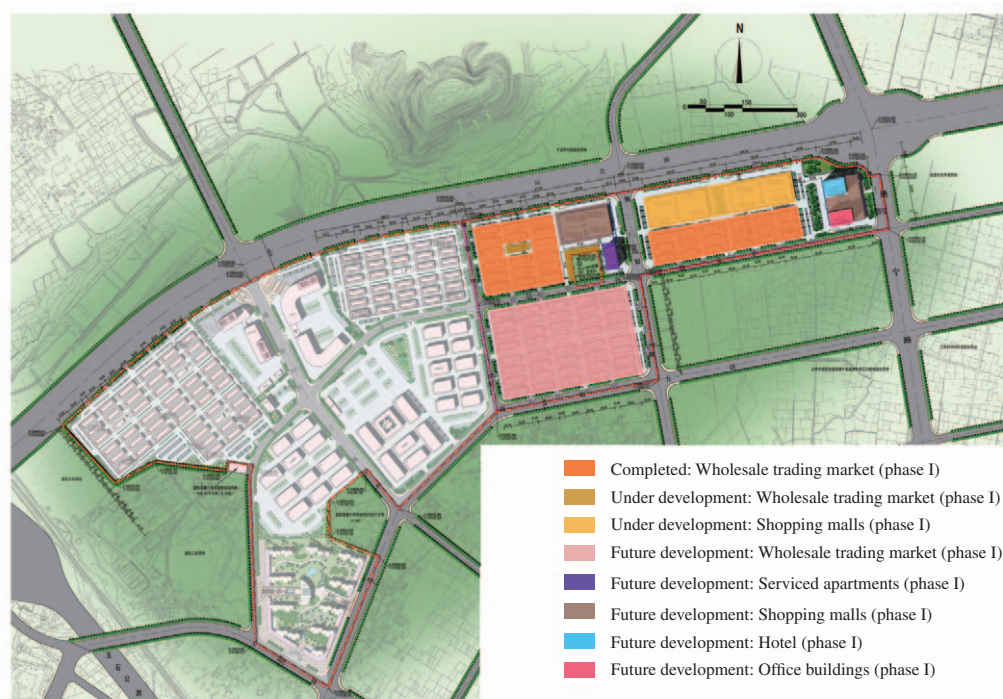


In 2010 and 2011, the Yulin Trade Center was recognized as a key development project at an autonomous region level (自治區層面統籌推進重大項目) by the Guangxi Development and Reform Commission (廣西壯族自治區發展和改革委員會).

The Yulin Trade Center is currently designed to consist of three phases. Phase I consists primarily of wholesale trading markets, shopping malls, serviced apartments, a hotel and an office building. As of July 31, 2013, we had acquired land-use rights for all of Phase I encompassing a total site area of 330,387 sq.m. and had commenced construction of Phase I. When fully completed, Phase I of the Yulin Trade Center is expected to occupy a total site area of 330,387 sq.m. and have a total GFA of 607,182 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB635.2 million. We estimate that we will incur additional development costs of approximately RMB1,364.6 million upon completion of Phase I. Phase II and Phase III are subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See “– Other Development Plans – Yulin Trade Center – Additional Properties Planned for Future Development.” Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

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The following image shows the layout of the Yulin Trade Center's constituent buildings.



The following table sets forth an overview of properties and constituent buildings within the Yulin Trade Center as of July 31, 2013.

Properties	Actual/ planned construction commencement date ¹	Actual/ planned pre- sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre- sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶
Completed properties								
Wholesale trading markets (Phase I)	2012	2012	2012	2012	96,502	96,502	11,685	80,346
Subtotal	N/A	N/A	N/A	N/A	96,502	96,502	11,685	80,346
Properties under development								
Wholesale trading markets (Phase I)	2012	2012	2013/12	2013/12	11,549	7,025	2,140	—
Shopping malls (Phase I)	2012	2012	2014	2014	175,909	133,855	63,565	—
Subtotal	N/A	N/A	N/A	N/A	187,458	140,880	65,705	—
Properties planned for future development⁷								
Wholesale trading markets (Phase I)	2014	N/A	N/A	N/A	115,978	115,978	—	—
Serviced apartments (Phase I)	2014	N/A	N/A	N/A	34,179	30,790	—	—
Shopping malls (Phase I)	2014	N/A	N/A	N/A	46,200	46,200	—	—
Hotel (Phase I)	2014	N/A	N/A	N/A	83,640	72,000	—	—
Office building (Phase I)	2014	N/A	N/A	N/A	43,225	43,225	—	—
Subtotal	N/A	N/A	N/A	N/A	323,222	308,193	—	—
Total	N/A	N/A	N/A	N/A	607,182	545,575	77,390	80,346

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- 1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.
- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- 4 The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 6 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 7 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Completed Properties

Wholesale trading markets.

Phase I of the Yulin Trade Center includes wholesale trading markets. These wholesale trading markets consist of 36 buildings with an aggregate GFA of 96,502 sq.m. and an aggregate saleable GFA of 96,502 sq.m. We commenced pre-sales of the wholesale trading market units in 2012, completed construction in 2012 and started to deliver finished units to our customers in 2012. As of July 31, 2013, we sold and delivered approximately 83.3% of the aggregate saleable GFA, or 80,346 sq.m.; and pre-sold approximately 12.1% of the aggregate saleable GFA, or 11,685 sq.m. of the wholesale trading market units.

Our wholesale trading market is divided into two areas. Area A primarily sells general merchandise and other products; and Area B primarily sells lighting fixtures and ceramic fixtures. The following table sets forth key information of our completed wholesale trading markets by industry zone as of July 31, 2013.

Industry Zone	GFA			Number of Units		
	Saleable	Pre-sold ⁽¹⁾	Sold ⁽²⁾	Saleable	Pre-sold ⁽¹⁾	Sold ⁽²⁾
	(in square meters)					
Area A (general goods)	46,354	2,346	43,294	420	22	392
Area B (lighting fixtures, ceramic fixtures)	50,148	9,339	37,052	478	83	331
Total	96,502	11,685	80,346	898	105	723

- 1 Refers to the aggregate GFA or number of units of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 2 Refers to the aggregate GFA or number of units of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.

Properties under Development

Wholesale trading markets. Phase I of the Yulin Trade Center includes additional wholesale trading markets that will have an aggregate GFA of 11,549 sq.m. and a saleable GFA of 7,025 sq.m. We commenced construction of the wholesale trading markets in 2012, commenced pre-sales in 2012 and plan to complete construction in December 2013. We plan to sell all of the wholesale trading market units. As of July 31, 2013, we pre-sold approximately 30.5% of the aggregate saleable GFA, or 2,140 sq.m. of these wholesale trading market units.

Shopping malls. Phase I of the Yulin Trade Center includes shopping malls. These shopping malls consist of four, low-rise buildings (4-5 floors) with an aggregate GFA of 175,909 sq.m. and an aggregate saleable GFA of 133,855 sq.m. We commenced construction of the shopping malls in 2012, commenced pre-sales in 2012 and expect to complete construction in 2014. We plan to sell all of the shopping mall units. As of July 31, 2013, we pre-sold approximately 47.5% of the aggregate saleable GFA, or 63,565 sq.m. of these shopping mall units.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Wholesale trading markets. Phase I of the Yulin Trade Center is designed to include additional wholesale trading markets with an estimated aggregate GFA of 115,978 sq.m. We anticipate that we will sell all of the units of the wholesale trading markets. We plan to commence construction in 2014. We obtained the land-use rights certificate for the land supporting the wholesale trading markets in 2012.

Serviced apartments. Phase I of the Yulin Trade Center is designed to include serviced apartments with a total of approximately 400 apartment units, an aggregate GFA of 34,179 sq.m. and an aggregate saleable GFA of 30,790 sq.m. We plan to commence construction in 2014. We obtained the land-use rights certificate for the land supporting the serviced apartments in 2012. We plan to sell all of the apartment units.

The northeastern corner of the Yulin Trade Center is designed to include a shopping mall, a hotel and office buildings. We obtained the land-use rights certificate for the land supporting these buildings in 2012.

Shopping mall. Phase I of the Yulin Trade Center is expected to include an additional shopping mall that will consist of two low rise buildings (4-5 floors) with an estimated aggregate GFA of 46,200 sq.m. We anticipate that we will sell all of these shopping mall units. We plan to commence construction in 2014.

Hotel. Phase I of the Yulin Trade Center is expected to include a hotel. The hotel will consist of a 30-story building with an estimated aggregate GFA of 83,640 sq.m. We anticipate that the hotel will have approximately 350 guestrooms. We plan to retain ownership of the hotel and engage a reputable hotel operator in China to operate the hotel. We plan to commence construction in 2014.

Office building. Phase I of the Yulin Trade Center is expected to include a 24-story office building with an estimated GFA of 43,225. We anticipate that we will sell all of the space at the office building. We plan to commence construction in 2014.

Mianyang Trade Center

Mianyang is the second largest city in Sichuan and is located approximately 120 kilometers northeast of Chengdu, the capital of Sichuan, along the key highway and railway that connect Sichuan with western and northern China, including Shaanxi, Gansu and Hubei provinces. Mianyang is a key producer of technology and electronic products in China.

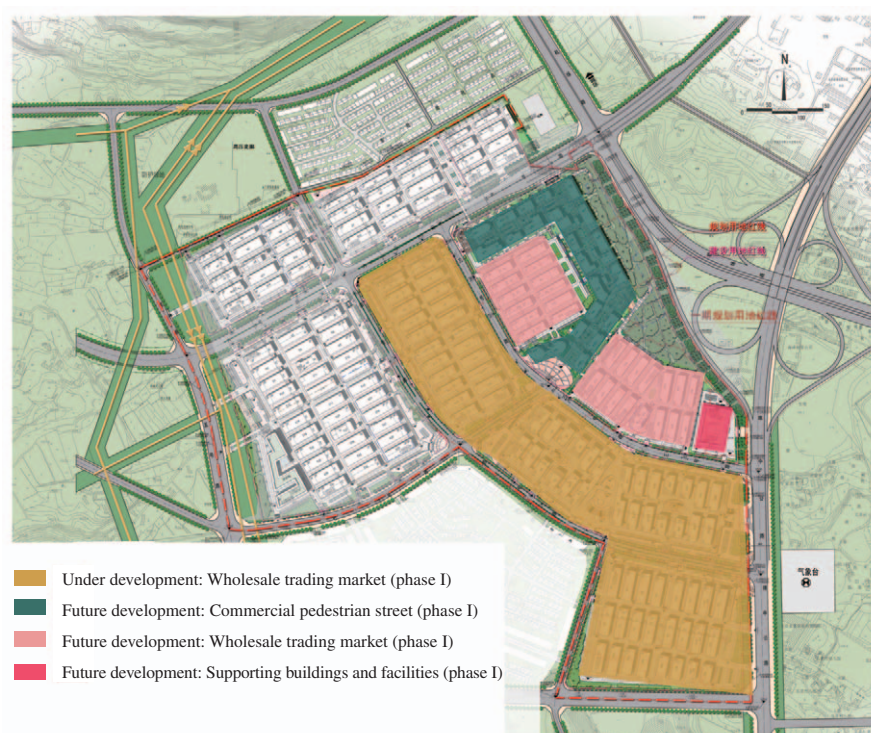
The Mianyang Trade Center is located approximately 10 kilometers from the city center of Mianyang. It is also within four kilometers of the Mianyang train station and Mianyang airport, which connects the trade center to the national and local railway and air transportation system. The following map illustrates the location of this trade center project.



The Mianyang Trade Center is currently designed to consist of two phases. Pursuant to the master investment agreement for the Mianyang Trade Center, 20% of the property in terms of GFA must be retained and used for self-use or leasing. Phase I will consist primarily of wholesale trading markets, a commercial pedestrian street and certain supporting buildings and facilities. As of July 31, 2013, we had acquired land-use rights for all of Phase I encompassing a total site area of 281,729 sq.m. and had commenced construction of Phase I. When fully completed, Phase I of the Mianyang Trade Center is expected to occupy a total site area of 281,729 sq.m. and have a total GFA of 339,114 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB541.4 million. We estimate that we will incur additional development costs of approximately RMB279.5 million upon completion of Phase I. Phase II is subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See "– Other Development Plans – Mianyang Trade Center – Additional Properties Planned for Future Development." Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

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The following image shows the layout of the Mianyang Trade Center's constituent buildings.



The following table sets forth an overview of properties and constituent buildings within the Mianyang Trade Center as of July 31, 2013.

Properties	Actual/ planned construction commencement date ¹	Actual/ planned pre-sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre-sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶
Properties under development								
Wholesale trading markets (Phase I) . . .	2012	2013/3	2013/10	2013/10	232,812	232,812	98,046	–
Subtotal	N/A	N/A	N/A	N/A	232,812	232,812	98,046	–
Properties planned for future development⁷								
Commercial pedestrian street (Phase I) .	2013/10	N/A	N/A	N/A	47,801	22,152	–	–
Wholesale trading markets (Phase I) . .	2013/10	N/A	N/A	N/A	51,675	50,691	–	–
Supporting buildings and facilities . . .	2013/10	N/A	N/A	N/A	6,826	6,826	–	–
Subtotal	N/A	N/A	N/A	N/A	106,302	79,669	–	–
Total	N/A	N/A	N/A	N/A	339,114	312,481	98,046	–

1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.

- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- 4 The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 6 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 7 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Properties under Development

Wholesale trading markets. Phase I of the Mianyang Trade Center includes wholesale trading markets that will have an aggregate GFA of 232,812 sq.m. and an aggregate saleable GFA of 232,812 sq.m. Because the area that comprises the Mianyang Trade Center is hilly in some areas, many of the buildings that comprise the wholesale trading market have a split-level floor plan with four-stories aboveground on the downhill side of the slope and three stories aboveground and one story underground on the uphill side of the slope. We commenced construction of the wholesale trading markets in 2012 and plan to complete construction in October 2013. We plan to sell all of the wholesale trading market units and commenced the pre-sale of the properties in March 2013. As of July 31, 2013, we pre-sold approximately 42.1% of the aggregate saleable GFA, or 98,046 sq.m. of the wholesale trading markets. We expect that the wholesale trading markets will be divided into industry zones including building materials, home furnishings, clothing, general goods, shoes and accessories.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Commercial pedestrian street. Phase I of the Mianyang Trade Center includes a commercial pedestrian street that will consist of 22 units with a total aggregate GFA of 47,801 sq.m. and an aggregate saleable GFA of 22,152 sq.m. We plan to sell these units to restaurants and vendors of small products. We expect the construction of the commercial pedestrian street to commence in October 2013. We plan to sell all of the commercial pedestrian street units.

Wholesale trading markets. Phase I of the Mianyang Trade Center is expected to include additional wholesale trading markets. These wholesale trading markets are designed to consist of various four-story buildings with an aggregate estimated GFA of 51,675 sq.m. We expect to commence construction of the wholesale trading markets in October 2013. We plan to sell all of these wholesale trading market units.

Supporting buildings and facilities. We also plan to construct supporting building to be used in connection with the project sales, with a planned GFA of 6,826 sq.m. We expect to commence construction of the building in October 2013.

Ganzhou Trade Center

Ganzhou is located in southwestern Jiangxi near the intersection of Jiangxi, Hunan and Guangdong provinces. Ganzhou lies along a major transportation route connecting the inland areas of China with China's southeastern coast. Two major railways intersect in Ganzhou, the Jing-Jiu Railway (京九鐵路) and the Gan-Long Railway (贛龍鐵路).

The Ganzhou Trade Center is located approximately 10 kilometers south of Ganzhou's city center. Highway 105, a major national highway runs along the northern edge of our trade center and the southern edge is bounded by the Beijing-Jiulong Railway. Ganzhou South Station is situated directly across from the Ganzhou Trade Center. The Ganzhou Trade Center is also 15 kilometers from the Ganzhou airport. The following map illustrates the location of this trade center project.



In 2012, the State Council issued the *Several Opinions Concerning the Promotion of Development of Southern Jiangxi-Su Area* (國務院關於支持贛南等原中央蘇區發展振興的若干意見) which explicitly supports the construction of trade centers as a way to promote the development of the greater Ganzhou region into a commercial and logistics hub. The Ganzhou Trade Center was the largest trade center in Ganzhou in terms of estimated GFA as of July 31, 2013, according to Savills.

In 2012, the Ganzhou Trade Center was recognized as a “Key Development Project in Jiangxi Province” (江西省重點建設項目) by the Provincial Government of Jiangxi Province.

The Ganzhou Trade Center is currently designed to consist of two phases, and we obtained land-use rights for both phases in 2012 comprising a total site area of 1,475,298 sq.m. Pursuant to the land grant contracts and related supplemental agreements regarding such land-use rights for the Ganzhou Trade Center, only 70% of the property in terms of GFA

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(excluding residential portion) can be sold and the remaining portion can only be held for leasing or self-use until September 2023. Phase I consists primarily of wholesale trading markets and shopping malls. Phase II is expected to include a commercial and exhibition center, additional wholesale trading markets, shopping malls, a food street, warehouses, a bus terminal and shipping depot, office buildings, a residential area and hotels. We commenced construction of Phase I in 2012 and plan to commence construction of Phase II in 2013. When fully completed, the Ganzhou Trade Center is expected to occupy a total site area of 1,475,298 sq.m. and have a total GFA of 3,566,003 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB720.2 million. We estimate that we will incur additional development costs of approximately RMB8,744.4 million upon completion. In January 2013, we acquired the remaining 20% equity interest in Ganzhou Logistics Park held by a third party. See “History and Corporate Structure – Reorganization – Acquisition of 20% interest in Ganzhou Logistics Park.” Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

The following image shows the layout of the Ganzhou Trade Center’s constituent buildings.



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The following table sets forth key construction details of the various types of buildings within the Ganzhou Trade Center as of July 31, 2013.

Properties	Actual/ planned construction commencement date ¹	Actual/ planned pre- sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre-sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶
Properties under development								
Wholesale trading markets (Phase I)	2012	2013/5	2013/12	2013/12	588,068	536,313	491,492	–
Shopping malls (Phase I)	2012	2013/5	2014	2014	171,200	127,401	56,339	–
Subtotal	N/A	N/A	N/A	N/A	759,268	663,714	547,831	–
Properties planned for future development⁷								
Commercial and exhibition center								
(Phase II)	2013/12	N/A	N/A	N/A	93,347	74,343	–	–
Wholesale trading markets								
(Phase II)	2013/12	N/A	N/A	N/A	29,261	29,261	–	–
Shopping malls (Phase II)	2013/12	N/A	N/A	N/A	521,621	437,689	–	–
Food street (Phase II)	2014	N/A	N/A	N/A	42,783	35,638	–	–
Warehouses (Phase II)	2014	N/A	N/A	N/A	479,320	443,111	–	–
Bus terminal and shipping depot								
(Phase II)	2014	N/A	N/A	N/A	44,562	39,196	–	–
Office buildings (Phase II)	2015	N/A	N/A	N/A	666,953	535,096	–	–
Residential area (Phase II)	2015	N/A	N/A	N/A	589,816	415,985	–	–
Hotels (Phase II)	2017	N/A	N/A	N/A	339,072	238,262	–	–
Subtotal	N/A	N/A	N/A	N/A	2,806,735	2,248,581	–	–
Total	N/A	N/A	N/A	N/A	3,566,003	2,912,295	547,831	–

- 1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.
- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- 4 The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 6 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 7 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Properties Under Development

Wholesale trading markets. As part of Phase I of the Ganzhou Trade Center, we are constructing wholesale trading markets that consist of 65, one-to four-story buildings with an aggregate estimated GFA of 588,068 sq.m. Because the area that comprises the Ganzhou Trade Center is hilly in some areas, some of the buildings that comprise the wholesale trading market have a split-level floor plan with four-stories aboveground on the downhill side of the slope and three stories aboveground and one story underground on the uphill side of the slope. We commenced construction of the wholesale trading markets in 2012, commenced pre-sales in May 2013 and plan to complete construction in December 2013. We plan to sell all of these wholesale trading market units. As of July 31, 2013, we pre-sold approximately 91.6% of the aggregate saleable GFA, or 491,492 sq.m. of the wholesale trading markets.

Shopping malls. As part of Phase I of the Ganzhou Trade Center we are constructing two, four-story shopping malls with an aggregate estimated GFA of 171,200 sq.m. We commenced construction of the shopping malls in 2012 and plan to complete construction in 2014. We plan to sell all of these shopping mall units.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Commercial and exhibition center. Phase II of the Ganzhou Trade Center is expected to include a three-story commercial and exhibition center with an estimated GFA of 93,347 sq.m. We plan to commence construction in December 2013. We plan to retain all of the units in the commercial and exhibition center for leasing.

Wholesale trading markets. Phase II of the Ganzhou Trade Center is expected to include additional wholesale trading markets. These wholesale trading markets are designed with similar feature to those of Phase I with an aggregate estimated GFA of 29,261 sq.m. We plan to commence construction of the wholesale trading markets in December 2013. We plan to sell all of these wholesale trading market units.

Shopping malls. Phase I and II of the Ganzhou Trade Center is expected to include additional shopping malls with an aggregate estimated GFA of 521,621 sq.m. We plan to commence construction of the shopping malls in December 2013. We plan to sell all of the shopping mall units.

Food street. Phase I of the Ganzhou Trade Center is designed to include a “food street” that will consist of 10 units with a total GFA of 42,783 sq.m. that we plan to sell to restaurants and vendors of ready-to-eat foods. We plan to commence construction of the food street in 2014.

Warehouses. Phase II of the Ganzhou Trade Center is expected to include warehouses with an aggregate estimated GFA of 479,320 sq.m. We plan to commence construction of the warehouses in 2014. We plan to retain all warehouse units for leasing.

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Bus terminal and shipping depot. As part of our Phase II construction, we plan to commence construction of a bus terminal and shipping depot in 2014.

Office buildings. Phase II of the Ganzhou Trade Center is expected to include 12 high-rise office buildings with an aggregate estimated GFA of 666,953 sq.m. We plan to commence construction of the office buildings in 2015. We plan to sell the majority of the office units and retain the remainder for leasing.

Residential area. Phase II of the Ganzhou Trade Center is expected to include a residential area that will consist of approximately 50, mid to high rise apartment buildings (11-18 floors) that will have an aggregate estimated GFA of 589,816 sq.m. We plan to commence construction of the residential area in 2015. We plan to sell all of the residential area units.

Hotels. Phase II of the Ganzhou Trade Center is expected to include three hotels and adjoining shopping areas with a planned aggregate GFA of 339,072 sq.m. These hotels will include a 44-story high-end hotel, a 24-story business hotel and an 18-story express hotel with an aggregate estimated GFA of 249,072 sq.m. The shopping areas of these hotels will have an aggregate estimated GFA of 90,000 sq.m. We plan to commence construction in 2017. We plan to retain ownership of the hotels for leasing and plan to sell all the units in the shopping areas.

Wuzhou Trade Center

The Wuzhou Trade Center is located in Wuzhou, a city in eastern Guangxi near the border of Guangxi and Guangdong. It is approximately 370 kilometers east of Nanning, the capital of Guangxi, and approximately 270 kilometers west of Guangzhou, the capital of Guangdong.

The Wuzhou Trade Center is located approximately five kilometers northwest of Wuzhou's city center. It is also within two kilometers of the Wuzhou train station and four kilometers of the Wuzhou airport. In 2009, the local government of Wuzhou announced its goal of developing the region northwest of Wuzhou where our trade center is located. The following map illustrates the location of this trade center project.

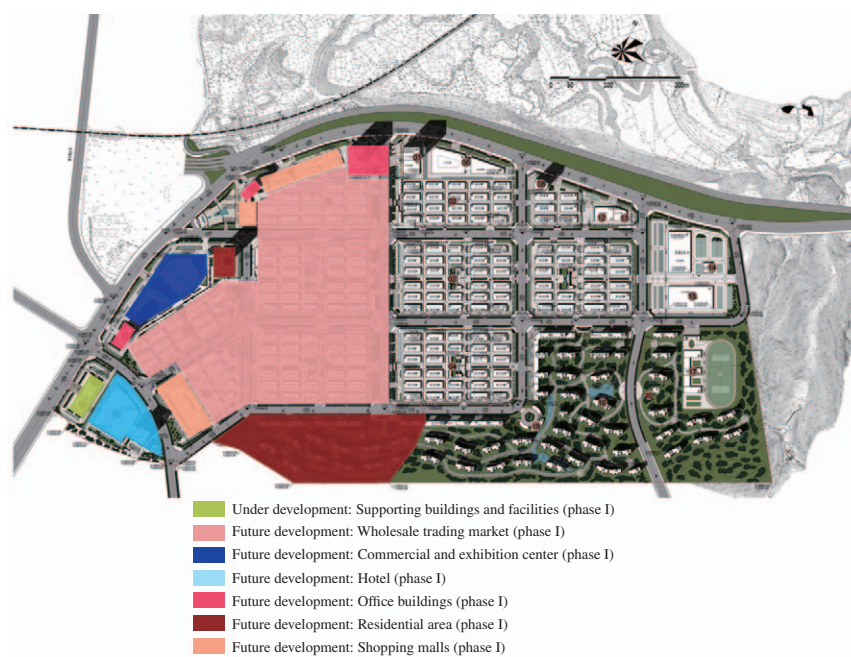


In 2012, the Wuzhou Trade Center was recognized as a key development project at an autonomous region level (自治區層面統籌推進重大項目) by the Guangxi Development and Reform Commission (廣西壯族自治區發展和改革委員會).

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The Wuzhou Trade Center is currently designed to consist of two phases. Phase I consists primarily of wholesale trading markets, a commercial and exhibition center, a residential area, shopping malls, office buildings and a hotel. As of July 31, 2013, we had obtained land-use rights for all of Phase I encompassing a total site area of 599,642 sq.m. and had commenced construction of Phase I. When fully completed, Phase I of the Wuzhou Trade Center is expected to have a total GFA of 1,071,798 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB26.1 million. We estimate that we will incur additional development costs of approximately RMB3,021.9 million upon completion of Phase I. Phase II is subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See “– Other Development Plans – Wuzhou Trade Center – Additional Properties Planned for Future Development.” Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

The following image shows the layout of the Wuzhou Trade Center's constituent buildings.



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The following table sets forth key construction details of the various types of buildings within the Wuzhou Trade Center.

Properties	Actual/ planned construction commencement date ¹	Actual/ planned pre-sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre-sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶
Properties under development								
Supporting buildings and facilities . . .	2013/6	N/A	2013/12	2014	5,449	5,449	–	–
Subtotal	N/A	N/A	N/A	N/A	5,449	5,449	–	–
Properties planned for future development⁷								
Wholesale trading markets (Phase I) . .	2013/10	N/A	N/A	N/A	289,881	289,881	–	–
Commercial and exhibition center (Phase I)	2013/8	N/A	N/A	N/A	67,855	48,960	–	–
Residential area (Phase I)	2013/12	N/A	N/A	N/A	311,157	238,891	–	–
Shopping malls (Phase I)	2013/12	N/A	N/A	N/A	95,733	81,018	–	–
Office buildings (Phase I)	2013/12	N/A	N/A	N/A	182,158	145,358	–	–
Hotel (Phase I)	2014	N/A	N/A	N/A	119,565	89,565	–	–
Subtotal	N/A	N/A	N/A	N/A	1,066,349	893,673	–	–
Total	N/A	N/A	N/A	N/A	1,071,798	899,122	–	–

- 1 The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.
- 2 The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- 3 The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- 4 The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- 5 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- 6 Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- 7 Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Properties Under Development

Supporting buildings and facilities. We commenced construction of an administration building with a total GFA of 5,449 sq.m. in June 2013.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Wholesale trading markets. Phase I of the Wuzhou Trade Center is designed to include wholesale trading markets with an aggregate estimated GFA of 289,881 sq.m. We anticipate that we will sell all of the units of the wholesale trading markets. We plan to commence construction in October 2013. We received land-use rights for the land supporting the wholesale trading markets in January 2013.

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Commercial and exhibition center. Phase I of the Wuzhou Trade Center is expected to include a three-story commercial and exhibition center with an estimated GFA of 67,855 sq.m. The trade center will be called “Jewel City.” We hope to attract a number of synthetic jewel vendors to capitalize off of Wuzhou’s active synthetic jewel trade. We commenced construction in August 2013 and plan to sell all of the units in the commercial and exhibition center.

Residential area. Phase I of the Wuzhou Trade Center is expected to include a residential area that will consist of approximately 30, 18-story apartment buildings that will have an aggregate estimated GFA of 311,157 sq.m. We plan to commence construction of the residential area in December 2013. We received land-use rights for the land supporting the residential area in January 2013. We plan to sell all of the residential area units.

Shopping malls. Phase I of the Wuzhou Trade Center is designed to include four, three-to-five-story shopping malls with an aggregate estimated GFA of 95,733 sq.m. We anticipate that we will sell all of the shopping mall units. We plan to commence construction of the shopping malls in December 2013. We obtained land-use rights for the land supporting the wholesale trading markets in January 2013.

Office buildings. Phase I of the Wuzhou Trade Center is expected to include four high-rise office buildings with an aggregate estimated GFA of 182,158 sq.m. We plan to commence construction of the office buildings in December 2013. We plan to sell the majority of the office units and retain the remainder for leasing. We obtained land-use rights for the land supporting the office buildings in January 2013.

Hotel. Phase I of the Wuzhou Trade Center is expected to include a 24-story hotel and adjoining shopping area consisting of a four-story building. The aggregate estimated GFA of this structure is 119,565 sq.m. We anticipate that the hotel will have approximately 350 guestrooms and have an aggregate estimated GFA of 89,565 sq.m. The shopping area adjoining the hotel will have an aggregate estimated GFA of 30,000 sq.m. We plan to commence construction of the office buildings in 2014. We obtained land-use rights for the land supporting the hotel in January 2013. We plan to retain ownership of the hotel for leasing and plan to sell all the units in the shopping area.

Heze Trade Center

The Heze Trade Center is located in Heze, a city in southwestern Shandong province near the intersection of Shandong and Henan provinces. It is approximately 120 kilometers west of Jining where we are developing the Jining Trade Center, 130 kilometers northeast of Kaifeng and 240 kilometers southwest of Ji’nan. The Jing-Jiu Railway (京九鐵路), a major national railway that connects Beijing and Hong Kong, and four national highways run through Heze.

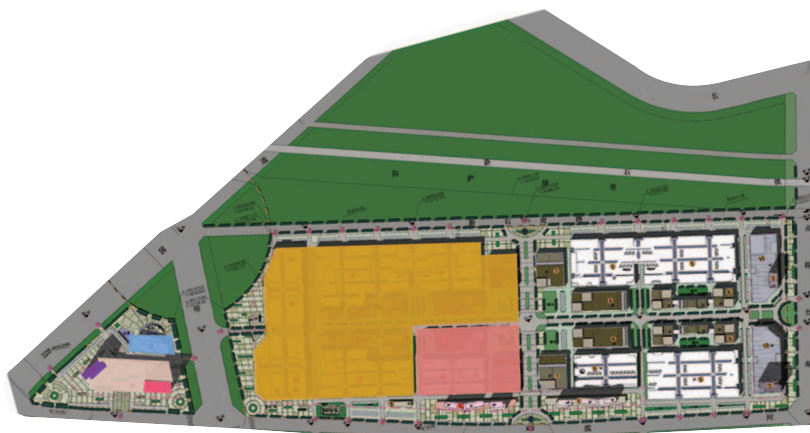
The Heze Trade Center is located in the city's central Mudan District along National Highway 220 and is approximately two kilometers from Heze's city center. The following map illustrates the location of this trade center project.



The Heze Trade Center is currently designed to consist of three phases. Phase I consists primarily of wholesale trading markets, shopping malls, office buildings, a residential area and supporting buildings and facilities. As of July 31, 2013, we had obtained land-use rights for a portion of Phase I encompassing a total site area of 392,280 sq.m. and had commenced construction of Phase I. When fully completed, the total GFA of Phase I of the Heze Trade Center with respect to which we have obtained land-use rights is estimated to be 611,609 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB2.4 million. We estimate that we will incur additional development costs of approximately RMB1,381.3 million upon completion of Phase I. Phase II and Phase III are subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See "– Other Development Plans – Heze Trade Center – Additional Properties Planned for Future Development." Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

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The following image shows the layout of the Heze Trade Center's constituent buildings.



 Under development: Wholesale trading markets (phase I)	 Future development: Residential area (phase I)
 Future development: Shopping malls (phase I)	 Future development: Supporting buildings and facilities
 Future development: Office buildings (phase I)	 Future development: Wholesale trading markets (phase I)

The following table sets forth key construction details of the various types of buildings within the Heze Trade Center.

Properties	Actual/planned construction commencement date ¹	Actual/planned pre-sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre-sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶	Leased GFA (sq.m.) ⁷
Properties under development									
Wholesale trading markets (Phase I) . . .	2013/7	2013/11	2014	2014	237,785	237,785	—	—	—
Subtotal	N/A	N/A	N/A	N/A	237,785	237,785	—	—	—
Properties planned for future development⁷									
Wholesale trading markets (Phase I) . . .	2013/11	N/A	N/A	N/A	108,377	98,197	—	—	—
Shopping malls (Phase I)	2015	N/A	N/A	N/A	161,688	117,878	—	—	—
Office buildings (Phase I)	2016	N/A	N/A	N/A	58,924	58,924	—	—	—
Residential area (Phase I)	2016	N/A	N/A	N/A	37,583	37,583	—	—	—
Supporting buildings and facilities	2013/11	N/A	N/A	N/A	7,252	6,565	—	—	—
Subtotal	N/A	N/A	N/A	N/A	373,824	319,147	—	—	—
Total	N/A	N/A	N/A	N/A	611,609	556,932	—	—	—

¹ The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.

- ² The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.
- ³ The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.
- ⁴ The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.
- ⁵ Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- ⁶ Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- ⁷ Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Properties under Development

Wholesale trading markets. Phase I of the Heze Trade Center includes wholesale trading markets that will have an aggregate GFA of 237,785 sq.m. and a saleable GFA of 237,785 sq.m. We commenced construction of the wholesale trading markets in July 2013 and plan to complete construction in 2014. We plan to commence the pre-sale of these properties in November 2013 and all of the wholesale trading market units are for selling.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Wholesale trading markets. Phase I of the Heze Trade Center is expected to include additional wholesale trading markets with an aggregate estimated GFA of 108,377 sq.m. We expect to commence construction of the wholesale trading markets in November 2013. We plan to sell the majority of these wholesale trading market units.

Shopping mall. Phase I of the Heze Trade Center is expected to include a shopping mall that will consist of three one-story buildings with an estimated aggregate GFA of 161,688 sq.m. We plan to commence construction in 2015. We received land-use rights for the land supporting the shopping mall in 2013. We anticipate that we will sell all of these shopping mall units.

Office buildings. Phase I of the Heze Trade Center is expected to include three high-rise office buildings (16-22 stories) with an estimated aggregate GFA of 58,924 sq.m. We plan to commence construction in 2016. We received land-use rights for the land supporting the office buildings in 2013. We anticipate that we will sell all of the space at the office buildings.

Residential area. Phase I of the Heze Trade Center is expected to include a residential area that will consist of approximately three apartment buildings ranging from 9 to 18 stories that will have an aggregate estimated GFA of 37,583 sq.m. We plan to commence construction of the residential area in 2016. We received land-use rights for the land supporting the residential area in 2013. We plan to sell all of the residential area units.

Supporting buildings and facilities. We plan to commence construction of an administration building with a total GFA of 7,252 sq.m. in November 2013. This building will be used primarily as a sales center for our trade center properties.

Xingning Trade Center

The Xingning Trade Center is located in Xingning, a city of Meizhou city, in northeastern Guangdong province near Jiangxi and Fujian provinces. Xingning is accessible by National Highway G25, G35 and G78, major national highways connecting Guangdong and various other provinces in China. Xingning is 150 kilometers northwest from Shantou and 350 kilometers east from Guangzhou.

The Xingning Trade Center is located to the northeast of the Xingning Train Station in Xingning's Diaofang township. The following map illustrates the location of this trade center project.



In 2013, the Xingning Trade Center was recognized as a “Key Development Project in Guangdong Province” (廣東省2013重點建設項目) by the Provincial Government of Guangdong Province.

The Xingning Trade Center is currently designed to consist of three phases. Phase I consists primarily of wholesale trading markets and office buildings. As of July 31, 2013, we had obtained land-use rights for a portion of Phase I encompassing a total site area of 170,509 sq.m. We plan to commence construction of the Xingning Trade Center in 2014. When fully completed, the total GFA of Phase I of the Xingning Trade Center with respect to which we have obtained land-use rights is estimated to be 194,804 sq.m. As of July 31, 2013, we incurred development costs which include construction costs and capitalized finance costs, of approximately RMB1.0 million. We estimate that we will incur additional development costs of approximately RMB435.1 million upon completion of Phase I. Phase II and Phase III are subject to a master investment agreement we have entered into with the local authorities and may be developed incrementally depending on our management team's assessment of market conditions. See “– Other Development Plans – Xingning Trade Center – Additional Properties Planned for Future Development.” Unless otherwise indicated, the descriptions below are based on the status of our properties as of July 31, 2013.

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The following image shows the layout of the Xingning Trade Center's constituent buildings.



The following table sets forth key construction details of the various types of buildings within the Xingning Trade Center.

Properties	Actual/planned construction commencement date ¹	Actual/planned pre-sale/sale commencement date ²	Actual/ planned construction completion date ³	Actual/ planned property delivery date ⁴	Actual/ estimated total GFA (sq.m.)	Actual/ estimated total saleable GFA (sq.m.)	GFA pre-sold (sq.m.) ⁵	GFA delivered (sq.m.) ⁶	Leased GFA (sq.m.) ⁷
Properties planned for future development⁷									
Wholesale trading markets (Phase I)	2014	N/A	N/A	N/A	140,834	140,834	–	–	–
Office buildings (Phase I)	2015	N/A	N/A	N/A	46,615	46,615	–	–	–
Supporting buildings and facilities	2014	N/A	N/A	N/A	7,355	7,355	–	–	–
Subtotal	N/A	N/A	N/A	N/A	194,804	194,804	–	–	–
Total	N/A	N/A	N/A	N/A	194,804	194,804	–	–	–

¹ The actual construction commencement date set out in the description of our completed properties and properties under development refers to the date on which construction commenced on the first constituent building of the properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned construction commencement date reflects our estimate based on our current development plan.

² The actual pre-sale/sale commencement date set out in the description of our completed properties and properties under development refers to the pre-sale/sale commencement date set out in the first pre-sale or sale permits obtained for the constituent building of such properties. For properties planned for future development – with land grant contracts or land-use rights certificates, the planned pre-sale/sale commencement date reflects our estimate based on our current development plan.

³ The actual construction completion date set out in the description of our completed properties refers to the date on which construction of the last constituent building of the properties was completed. For properties under development or planned for future development, the planned construction completion date reflects our estimate based on our current development plan.

⁴ The actual property delivery date set out in the description of our completed properties refers to the date on which the first unit of the properties is delivered to our customers. For properties under development and properties planned for future development – with land grant contracts or land-use rights certificates, the planned property delivery date reflects our estimate based on our current development plan.

- ⁵ Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) with respect to which we have entered into sales agreements with, but have not yet delivered to, our customers.
- ⁶ Refers to the aggregate GFA of relevant properties (as set forth in the property sale and purchase agreements) which we have delivered to our customers.
- ⁷ Limited to our properties planned for future development – with land grant contracts or land-use rights certificates, i.e., development properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

Properties Planned for Future Development – With Land Grant Contracts or Land-Use Rights Certificates

Wholesale trading markets. Phase I of the Xingning Trade Center is designed to include wholesale trading markets with an aggregate estimated GFA of 140,834 sq.m. We plan to commence construction in 2014. We obtained land-use rights for the land supporting the wholesale trading markets in 2013. We anticipate that we will sell all of the wholesale trading market units.

Office buildings. Phase I of the Xingning Trade Center is expected to include six 4-story office buildings with an aggregate estimated GFA of 46,615 sq.m. We plan to commence construction in 2015. We obtained land-use rights for the land supporting the office building in 2013. We anticipate that we will sell all of the space at the office buildings.

Supporting buildings and facilities. We plan to commence construction of an administration building with a total GFA of 7,355 sq.m. in 2014. This building will be used primarily as a sales center for our trade center properties.

Recent Development

During the two months ended September 30, 2013, we entered into land-grant contracts with respect to our trade center projects in Lanzhou, Yantai and Yulin. As a result, as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. In particular:

- ***Lanzhou Trade Center.*** We entered into land grant contract with local authorities in Lanzhou in September 2013 with respect to land with an aggregate site area of 0.3 million sq.m. Properties planned on such land have an aggregate estimated GFA of approximately 0.5 million sq.m., and such properties primarily include wholesale trading markets, shopping malls and parking lots, each representing approximately 79%, 14% and 7%, respectively, of the aggregate estimated GFA of properties planned.
- ***Yantai Trade Center.*** We entered into land grant contract with local authorities in Yantai in September 2013 with respect to land with an aggregate site area of 44 thousand sq.m. Properties planned on such land have an aggregate estimated GFA of approximately 0.2 million sq.m., and such properties primarily include wholesale trading markets, office buildings, serviced apartments, a hotel, a business street and administrative buildings, each representing approximately 45%, 25%, 11%, 10%, 5% and 4%, respectively, of the aggregate estimated GFA of properties planned.

- ***Yulin Trade Center.*** We entered into land grant contract with local authorities in Yulin in August 2013 with respect to additional land with an aggregate site area of 0.1 million sq.m. Additional wholesale trading markets are planned for such land with an aggregate estimated GFA of 0.1 million sq.m.

Other Development Plans

Other development plans refer to the properties planned at our trade center projects for which we have entered into master investment agreements with the relevant government authorities regarding future development, and we have not entered into the land grant contracts with the local regulatory authorities. The description of any such properties in this prospectus reflects our current expectation and projection only, and is subject to change and the outcome of PRC regulatory procedures on land grant. For risks associated with our other development plans, see “Risk Factors – If we are unable to obtain the land-use rights for our properties planned for future development, we will not be able to develop these planned projects.”

These properties are in the planning stage. The master investment agreements are legally valid and binding upon parties, but the signing of the master investment agreement does not guarantee that we will obtain the land-use rights for our trade center projects covered by the agreement. Such land-use rights will only be granted through public tender, auction or listing-for-sale. In addition to the land with respect to which we have either obtained land-use rights certificates or signed a land grant contract with local regulatory authorities, we expect to acquire additional land-use rights for these trade center projects based on our management’s assessment of market conditions and the construction progress of our current development properties.

Under the terms of certain master investment agreements, such as our agreements in regard to the Ningxiang Trade Center, the Mianyang Trade Center and the Ganzhou Trade Center, we are required to maintain a certain portion of the trade center properties, typically 20-30% in terms of GFA, for self-use or leasing purpose. We believe that the purpose of such requirement is to promote the development of an active and vibrant commercial environment when a project is fully completed. In particular, by requiring the project developer to maintain a certain percentage of properties for leasing or self-use, the developer’s economic interest is better aligned with the level of commercial activity at the trade center project. We believe that such requirement is in line with our overall development plan for these projects. In the near term, we do not intend to allocate any property for self-use or leasing beyond what is required by these master investment agreements. In light of our competitive strengths, in particular our strategic emphasis on developing an active trading and commercial environment at our trade centers, we do not expect such requirement to have any material adverse impact on our business, financial condition and results of operations. In particular, we plan to continue executing our strategy of selling substantially all trade center properties in the early development stages of our projects to attract owners of SMEs, enhance our working capital position and finance a portion of our project development costs and create a vibrant commercial environment. As our current development projects enter later phases of development, typically three to five years after the initial development, we plan to retain a

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proportion of trade center properties as investment properties for long-term recurring income and capital appreciation. These properties may include, among other things, units of wholesale trading markets, shopping malls, office buildings and exhibition and conference centers for leasing as well as serviced apartments and hotels that we may retain for investment purposes. During the Track Record Period, we did not designate any investment property and all of our development properties were held for sale.

The following table sets forth an overview of our additional properties planned for future development at each of our trade centers as of July 31, 2013. The site area and GFA information included for these properties represents our current estimates based on information set out in the related master investment agreements we have entered into with regulatory authorities in China, which are indicative only and subject to change.

Trade Center <i>(Note)</i>	Master investment agreement date	Total estimated site area (millions of sq.m.)	Total estimated GFA (millions of sq.m.)	Interest attributable to the Group	References to property valuation Report
Ningxiang Trade Center (Phase II and Phase III)	2009	1.0	0.8	100%	19
Jining Trade Center (Phase III)	2009	1.0	1.8	100%	20
Yulin Trade Center (Phase II)	2010	0.7	1.4	100%	22
Mianyang Trade Center (Phase II)	2010	0.7	0.7	100%	21
Wuzhou Trade Center (Phase II)	2012	0.7	0.9	100%	23
Heze Trade Center (remaining portion of Phase I and Phases II and III)	2012	7.6	11.4	100%	24
Xingning Trade Center (remaining portion of Phase I and Phases II and III)	2012	1.2	1.8	80%	25
Lanzhou Trade Center	2013	4.0	6.0	100%	27
Yantai Trade Center	2013	1.3	2.4	100%	26
Total	N/A	18.2	27.2	N/A	N/A

Note: The Ganzhou Trade Center is not included in this table or this subsection as we obtained all the land contemplated under its master investment agreement and no additional property was contemplated for this project as of July 31, 2013.

Ningxiang Trade Center – Additional Properties Planned for Future Development

In 2009 we entered into a master investment agreement with the government of Ningxiang County (寧鄉縣人民政府) which was supplemented pursuant to a supplemental agreement entered into in the same year. Pursuant to the master investment agreement, the Ningxiang Trade Center is expected to occupy land with a total site area of approximately 1.3 million sq.m. and have an aggregate estimated GFA of approximately 1.2 million sq.m. Pursuant to the master investment agreement, the Ningxiang Trade Center is expected to be developed in three phases. When completed, the Ningxiang Trade Center is expected to include, among other things, wholesale trading markets, a logistics center, warehouses, a hotel and a residential area. Pursuant to the master investment agreement for the Ningxiang Trade Center, 30% of the property in terms of GFA must be retained and used for self-use or leasing purposes. As of July 31, 2013, we have obtained land-use rights, or have entered into a land grant contract with respect to a portion of the Ningxiang Trade Center and have commenced development. See “– Our Trade Center Projects – Ningxiang Trade Center.”

Pursuant to the master investment agreement, the government agreed to (i) provide favorable regulatory policies and subsidies to us and our customers, (ii) assist us in project promotion, attracting purchasers of our trade center properties and facilitating financing for these purchasers and (iii) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule.

Jining Trade Center – Additional Properties Planned for Future Development

In 2009 we entered into a master investment agreement with the government of Jining City Shizong District (濟寧市市中區). Pursuant to the master investment agreement, the Jining Trade Center is expected to occupy land with a total site area of approximately 2.0 million sq.m. and have an aggregate estimated GFA of approximately 3.0 million sq.m. Pursuant to the master investment agreement, the Jining Trade Center is expected to be developed in three phases. When completed, the Jining Trade Center is expected to include, among other things, wholesale trading markets, logistics centers, a hotel, warehouses and residential properties. As of July 31, 2013, we have obtained land-use rights, or have entered into a land grant contract with respect to a portion of the Jining Trade Center and have commenced development. See “– Our Trade Center Projects – Jining Trade Center.”

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) assist us in project promotion, attracting purchasers of our trade center properties and facilitating financing for these purchasers and (iv) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies but not to any other third-party without the written consent of the local government.

Yulin Trade Center – Additional Properties Planned for Future Development

In 2010 we entered into a master investment agreement with the government of the city of Yulin (玉林市人民政府), which was supplemented by a supplemental agreement we entered into with the Yulin City Commerce Bureau (on behalf of the Yulin City government) in 2011. Pursuant to the master investment agreement, the Yulin Trade Center is expected to occupy land with a total site area of approximately 1.1 million sq.m. and have an aggregate estimated GFA of approximately 2.0 million sq.m. Pursuant to the master investment agreement, the Yulin Trade Center is expected to be developed in three phases. When completed, the Yulin Trade Center is expected to include, among other things, wholesale trading markets, a logistics center, a hotel, warehouses and a residential and recreational area. As of July 31, 2013, we have obtained land-use rights, or have entered into land grant contracts with respect to a portion of the Yulin Trade Center and have commenced development. See “– Our Trade Center Projects – Yulin Trade Center.”

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) assist us in project promotion, attracting purchasers of our trade center properties and facilitating financing for these purchasers and (iv) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network.

Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies but not to any other third-party without the written consent of the local government.

Mianyang Trade Center – Additional Properties Planned for Future Development

In 2010 we entered into a master investment agreement with the government of Mianyang City Fucheng District (綿陽市涪城區) which was supplemented by a supplemental agreement entered into in the same year. Pursuant to the master investment agreement, the Mianyang Trade Center is expected to occupy land with a total site area of approximately 0.9 million sq.m. and have an aggregate estimated GFA of approximately 1.0 million sq.m. Pursuant to the master investment agreement, the Mianyang Trade Center is expected to be developed in two phases. When completed, the Mianyang Trade Center is expected to include, among other things, wholesale trading markets, a logistics center, warehouses, commercial and exhibition center and a residential area. Pursuant to the master investment agreement for the Mianyang Trade Center, 20% of the property in terms of GFA must be retained and used for self-use or leasing. As of July 31, 2013, we have obtained land-use rights, or have entered into a land grant contract with respect to a portion of the Mianyang Trade Center and have commenced development. See “– Our Trade Center Projects – Mianyang Trade Center.”

Pursuant to the master investment agreement, the government agreed to (i) provide favorable regulatory policies and subsidies to us and our customers, (ii) assist us in project promotion, attracting purchasers of our trade center properties and facilitating financing for these purchasers and (iii) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies but not to any other third-party without the written consent of the local government.

Wuzhou Trade Center – Additional Properties Planned for Future Development

In 2012 we entered into a master investment agreement with the government of the city of Wuzhou (梧州市人民政府), which was supplemented by a supplemental agreement we entered into in the same year. Pursuant to the master investment agreement, our Wuzhou Trade

Center is expected to occupy land with a total site area of approximately 1.3 million sq.m. and have an aggregate estimated GFA of approximately 2.0 million sq.m. Pursuant to the master investment agreement, the Wuzhou Trade Center is expected to be developed in two phases. When completed, the Wuzhou Trade Center is expected to include, among other things, wholesale trading markets, a gem market, a logistics center, a hotel, warehouses and a residential area. As of July 31, 2013, we have obtained land-use rights, or have entered into a land grant contract with respect to a portion of the Wuzhou Trade Center and have commenced development. See “– Our Trade Center Projects – Wuzhou Trade Center.”

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) assist us in project promotion, attracting purchasers of our trade center properties and (iv) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies but not to any other third-party without the written consent of the local government.

Heze Trade Center – Additional Properties Planned for Future Development

In 2012, we entered into a master investment agreement with the Heze City Mudan District Government (菏泽市牡丹區人民政府), which was supplemented by a supplemental agreement we entered into in the same year. Pursuant to the master investment agreement, our Heze Trade Center is expected to occupy land with a total site area of approximately 8.0 million sq.m. and have an aggregate estimated GFA of approximately 12.0 million sq.m. Pursuant to the master investment agreement, the Heze Trade Center is expected to be developed in two phases. When completed, the Heze Trade Center is expected to include, among other things, wholesale trading markets, a logistics center, a hotel, warehouses and a residential area. As of July 31, 2013, we entered into land grant contracts for a portion of the Heze Trade Center and have commenced development. See “– Our Trade Center Projects – Heze Trade Center.”

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) assist us in project promotion, attracting purchasers of our trade center properties and (iv) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies but not to any other third-party without the written consent of the local government.

Xingning Trade Center Additional Properties Planned for Future Development

In 2012, we entered into a master investment agreement with the Xingning City Government (興寧市人民政府), which was supplemented by a supplemental agreement we entered into in the same year. Pursuant to the master investment agreement, our Xingning Trade Center is expected to occupy land with a total site area of approximately 1.3 million sq.m. and have an aggregate estimated GFA of approximately 2.0 million sq.m. Pursuant to the master investment agreement, the Xingning Trade Center is expected to be developed in two phases. When completed, the Xingning Trade Center is expected to include, among other things, wholesale trading markets, a logistics center, a hotel, warehouses and a residential area. As of July 31, 2013, we entered into a land grant contract for a portion of the Xingning Trade Center and have commenced development. See “– Our Trade Center Projects – Xingning Trade Center.” We plan to use Xingning Hydoo to develop the Xingning Trade Center, and we currently hold an 80% equity interest in this project company.

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) assist us in project promotion, attracting purchasers of our trade center properties and facilitating financing for these purchasers and (iv) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies.

Lanzhou Trade Center

In 2013, we entered into a master investment agreement with the Yuzhong County Government (榆中縣人民政府), which was supplemented by a supplemental agreement we entered into in the same year. Pursuant to the master investment agreement, our Lanzhou Trade Center is expected to occupy land with a total site area of approximately 4.0 million sq.m. and have an aggregate estimated GFA of approximately 6.0 million sq.m. Pursuant to the master investment agreement, the Lanzhou Trade Center is expected to be developed in at least two phases. When completed, the Lanzhou Trade Center is expected to include, among other things, wholesale trading markets, supplemental facilities and a residential area. As of July 31, 2013, we have not entered into a land grant contract with respect to the Lanzhou Trade Center.

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project and make our best efforts to complete relevant construction work on schedule. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies.

Yantai Trade Center

In 2013, we entered into a master investment agreement with the Yantai City Government (煙台市芝罘區人民政府), which was supplemented by a supplemental agreement we entered into in the same year. Pursuant to the master investment agreement, our Yantai Trade Center is expected to occupy land with a total site area of approximately 1.3 million sq.m. and have an aggregate estimated GFA of approximately 2.4 million sq.m. Pursuant to the master investment agreement, the Yantai Trade Center is expected to be developed in at least two phases. When completed, the Yantai Trade Center is expected to include, among other things, wholesale trading markets, warehouses and logistics facilities, a residential area and supporting facilities. As of July 31, 2013, we have not entered into a land grant contract with respect to the Yantai Trade Center.

Pursuant to the master investment agreement, the government agreed to (i) complete the building demolition and relocation of residents on the relevant lands at its own cost, (ii) provide favorable regulatory policies and subsidies to us and our customers, (iii) assist us in project promotion, attracting purchasers of our trade center properties and (iv) complete construction of various supporting infrastructure, including utility connections and connections to the local transportation network. Under the master investment agreement, we agreed to develop, construct and manage the trade center project. In addition, the master investment agreement also allows us to transfer the rights and obligations under the master investment agreement to our affiliates or associated companies.

OTHER PROPERTIES

Shui'an Xintian



Shui'an Xintian is a residential complex located in the Zhanggong district of Ganzhou, at the intersection of Zhangjiangnan Avenue and Zanxian Road along the Zhang River. It is one kilometer east of the Ganzhou government building which is at the center of Ganzhou's downtown area. Residents of Shui'an Xintian enjoy views of the Zhang River and the Quanqiutong Bridge. Shui'an Xintian is surrounded by a range of leisure and cultural attractions within walking distance that include a riverside jogging path, the Ganzhou City Library, the Ganzhou City Athletics Center and Gold Square.

We, through Hydoo Estate (Ganzhou), started the construction of Shui'an Xintian in 2005. See "History and Corporate Structure – Our History and Development." We completed construction of Shui'an Xintian in 2007. The completed Shui'an Xintian consists of 887 residential units and 97 commercial units with an aggregate saleable GFA of approximately 155,439 sq.m. All residential units of Shui'an Xintian had been completely sold by 2010. We commenced the pre-sale of commercial units in 2005 and started to deliver these units in 2007. Properties for sale had been completely delivered and sold by 2010 at Shui'an Xintian. Our turnover in 2010 was primarily derived from the sales of commercial and residential units at Shui'an Xintian.

Haode Yinzuo



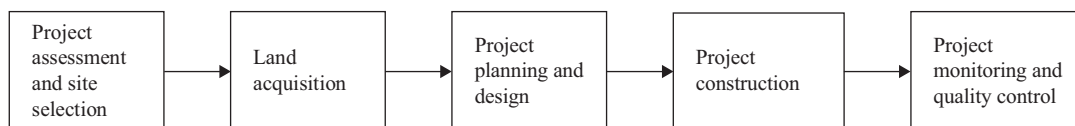
Haode Yinzuo is a high-end residential, commercial and office building project in Ganzhou. We completed the construction of Haode Yinzuo in 2012. The completed Haode Yinzuo has a total site area of approximately 6,666 sq.m. and consists of two towers, one with 30 stories and the other with 32 stories, with a total GFA of approximately 57,240 sq.m. and a total saleable GFA of 48,650 sq.m. In terms of saleable GFA, approximately 43.0% of the units in Haode Yinzuo are residential, approximately 41.0% of the units are offices and approximately 16.0% of the units are commercial.

We commenced pre-sales of units in 2010, and began delivering units to our customers in 2012. As of July 31, 2013, we sold and delivered approximately 78.2% of the aggregate saleable GFA, or 38,049 sq.m. of the residential, office and commercial units; and pre-sold approximately 3.5% of the aggregate saleable GFA, or 1,677 sq.m. of the residential, office and commercial units. In particular, as of the same date, we sold 100.0% of the commercial units, 97.6% of the residential units and 57.6% of the office units of Haode Yinzuo. We currently occupy approximately 2,000 sq.m. of office space at Haode Yinzuo for our own use.

OUR DEVELOPMENT PROCESS

We are primarily engaged in developing and operating large-scale trade centers in China for the wholesale and retail sales of a wide range of products, including hardware, electric tools, building materials, furniture and home furnishings, home electronics, apparel, and small goods. By focusing on developing trade centers in rapidly-growing third-and fourth-tier, and

selected second-tier, cities, we seek to assist local governments in further stimulating the growth of local commerce, facilitating urbanization and, ultimately, upgrading and transforming cities. Although each project development is customized for the specific conditions of the location and designed in accordance with the requirements of the local authorities, the diagram below summarizes the major stages involved in developing and operating a project.



We have established various departments at the headquarters level to oversee and control the major steps of all of our project developments. We have also formed individual project companies to manage the day-to-day development and operational activities of individual trade centers. As part of our core ability to replicate our business model in different regions, all key decisions regarding a development project, including project assessment and site selection, land acquisitions and project planning and design, are primarily made at our headquarters. In addition, when we commence a new development project and after we establish the project company for the project, we generally dispatch a core team with extensive experience from a prior project to staff the new project company to ensure project developments are executed properly and our business model is executed consistently. In addition, this core team is supported by skilled managers and employees with relevant experience that we hire from other leading companies.

Through our past experience, we have set up a standard model to implement our project development process from site selection to project sales and marketing. Our management conveys our strategies and goals to various departments within our Group and our various project companies. Our management oversees the operation of various departments as well as project companies to ensure that they operate efficiently. We also leverage our bargaining power by centralizing negotiations with suppliers and construction companies and facilitates the sharing and efficient use of resources and expertise among various projects in areas such as design, construction and sales and marketing.

Project Assessment and Site Selection

During the project assessment and site selection stage, our initial task is to set development targets based on our growth strategies and medium-to long-term plans. As part of this process, we closely examine the PRC regulatory and economic environment and the impact the government's macro-economic policies and development plans may have on economic growth and the real estate development industry. We consider development trends in different regions of China to form preliminary concepts of areas into which we would like to expand and the number of projects we would like to develop each year. We currently primarily focus on third-and fourth-tier cities in China and plan to enter selected second-tier cities in the future. The economies and consumption levels in these cities are growing quickly as they undergo rapid urbanization. Local governments in these cities have a pressing need to support such

growth and perceive the construction of our trade centers as one of the means to promote this goal. Through this process, we are able to refine our strategies and goals to take advantage of opportunities in different regions of China.

Once we set development targets, we conduct feasibility studies on potential areas of expansion and consider potential risks, investment returns, and local economic and regulatory conditions. We also initiate discussions with various local governments so that we can understand how our projects can complement their needs.

After our high-level assessment of the conditions in various cities, we then send an assessment team, generally led by key members from our strategic planning department to visit a subset of those cities. For example, in 2012, we conducted site visits in 20 cities. Based on our needs, we may also engage professional market research firms to provide additional factual analysis and support, such as market analysis and feasibility research on potential markets.

After the strategic planning department, design department, finance department and sales and marketing department complete their research on various candidate cities, they submit reports to our investment committee, which is currently comprised of eleven members, including our executive directors and senior management team. The investment committee will review the written reports and, after further consultation with the involved departments and any external expert we may engage, make a decision as to which cities to develop projects in.

We actively look for suitable opportunities to develop trade center projects where we can leverage our strengths and achieve attractive rates of return. In particular, we seek to establish projects in cities that satisfy the following criteria:

- promising local and regional economic growth potential and the ability of the city to positively impact the economic growth of neighboring cities;
- potential for significant market demand for a large-scale trade center to further stimulate the growth of local commerce and consolidate disorganized trading activities into a single integrated platform;
- cities with relatively large, dense populations that are centrally located;
- availability of land sites with easy access to well-developed transportation networks in areas that are not saturated by similar projects; and
- ability to build a long-term cooperative relationships with local governments that understand our value proposition and can provide regulatory support for our development projects.

We prefer to select sites in suburban areas of cities with strong urbanization and economic growth prospects. These sites are generally within sufficient proximity of city centers to have access to ample local manufacturing, commercial and logistics support while being in areas where land can be obtained at a reasonable cost. After we have identified a city in which we would like to develop our projects, we use the following criteria in assessing different potential project sites within that city:

- whether the site is, in terms of area and condition, suitable for large-scale, integrated commercial development, such as suburban area of cities with strong urbanization prospects;

- its position in the city's overall planning and long-term development plans;
- whether a proposed project on the site will help lift the economic, cultural and social development of the city and region to a higher level;
- whether the site is conveniently connected to the local transportation infrastructure;
- whether the site is supported by local manufacturing, trading and logistics industries;
- infrastructure and supporting facilities planned or provided by the local governments;
- the projected overall costs and expenses of a proposed project on the site; and
- zoning rules applicable to the site.

After we identify a city with land resources that satisfies our criteria, we hold further discussions with the local government, typically focusing on issues including the location and size of the land site, the general layout, major functions and constituent buildings of the proposed trade center, overall development investment and costs, financing options, proposed development timeline, and available government support such as government grants and construction of connecting and other infrastructure. These discussions guide the initial drafting of a master investment agreement. Occasionally we also enter into a non-binding memorandum of understanding with the local government to set out certain high-level plans regarding our proposed development plan, which generally will be superseded by the master investment agreement. Our strategic planning department, in consultation with other departments of the company, reviews the initial draft of the master investment agreement and seeks comments and suggestions from various other relevant regulatory authorities in the city to revise the draft. A finalized master investment agreement will be signed with the local government after all negotiations are concluded and an agreement with the local government is reached. We may also enter into supplemental agreements with local governments to provide for further detailed or clarified execution plans with regard to key clauses of the master investment agreement.

Land Acquisition

Under current PRC laws and regulations, land-use rights for the purposes of commercial use, entertainment and commodity residential properties in China must be granted by the government only through public tender, auction or listing-for-sale. When deciding who to grant land-use rights, the government will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal. For more information on the regulatory approvals needed to acquire land-use rights to our developments projects, see “Regulation – Land for Property Development.”

The government authority generally establishes and announces the conditions for the public tender, auction or listing-for-sale of the land-use rights. After we participate in the process and if our bid is chosen, we will sign a land-use right grant agreement, which sets forth key terms and conditions of the grant of land-use rights. Generally, this land acquisition process takes between three to six months to complete.

Project Planning and Design

Our design department will begin to formulate a conceptual plan for our development project before we enter into the master investment agreement with local regulatory authorities. At this time, a suitable location will have already been designated. This plan typically sets forth the conceptual layout of the trade center project including the locations, size estimates and major functional areas and key constituent buildings, such as wholesale trading markets, residential and office buildings, hotels, shopping malls and exhibition centers. We believe our practice of forming an advanced conceptual plan and presenting it to the local authorities in the early stages of our negotiations with them distinguishes us from our competitors. We believe that doing so allows the local authorities to better understand our design philosophy and how our detailed plan can urbanize and upgrade their cities.

Once we establish the conceptual plan and enter into the master investment agreement with the regulatory authorities regarding a new development project, our design team starts to formulate a master design plan which sets out detailed information regarding the development project covered by the master investment agreement. Our design department works closely with external design firms to formulate the master design plan which needs to be approved by the local authorities in charge of city planning.

As we proceed with the land acquisition process, our design department, with the support of external design firms, starts to formulate the detailed design of the particular portion of the development project to be covered by the parcel of lands we are acquiring. This detailed design sets out key architectural, landscape and external design elements of the project and is based on the master design plan which has been approved by the local regulatory authorities. Once the detailed design is approved by the regulatory authorities and we have obtained a construction work planning permit, our construction management department (with the support of the design department) will proceed to work with external architecture firms to formulate detailed construction drawings that will guide the construction work at our trade center projects. Our design department will provide additional detailed designs as we continue to acquire additional land-use rights and execute our overall development plan based on our master investment agreement with the local authorities.

Generally, we consider the factors below in planning and designing our trade center projects:

- the positioning and functions of our trade center projects and potential needs of our prospective customers;
- the urban planning requirements and considerations of the local government authorities;
- the neighborhood and environment surrounding the site;
- the characteristics of the site, including its location, site area, geographic nature, existing conditions and structures;
- the advice provided by our professional advisors, including architects, planning experts and sales and marketing personnel;

- information we receive from the strategic planning department and sales department regarding our customers' needs; and
- the costs of the different project designs.

The design department is responsible for selecting the architects and design firms we engage. We generally engage reputable design institutes in China with rich experience in designing large-scale trade center projects, such as Hangzhou City Construction Design Institute Ltd., Beijing Institute of Architectural Design and Shenzhen Huasen Construction and Design Consultancy Ltd., to assist our project planning and design process. We have recently started to engage international design firms, such as WS Atkins plc, based on our project design needs. We typically use a tender process in selecting these architects and design firms and draw from a list we maintain of over 50 preferred architects and design firms. We request potential architects and design firms to provide a proposal with a fee quote. In making our decision, we consider their proposed design concepts, their reputation for reliability and quality as well as our previous experience working with them and the price of their proposed services. The design department continually monitors the progress and quality of the appointed design firms to ensure that they meet our specifications. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we incurred a total of RMB2.5 million, RMB22.3 million, RMB36.6 million and RMB38.7 million, respectively, for the planning and design of our property projects.

Project Construction

We develop and manage our projects through our construction management department at our headquarters and also through the individual construction management departments of our project companies. The construction management department at our headquarters makes strategic determinations and sets strategic parameters for our project construction process, including overall project construction planning and periodic targets, scope and size of construction work, selection of key construction contractors and pricing and the procurement of key raw materials and equipment. Construction management departments at the project company level oversee the day-to-day construction process of their respective projects. The construction management department at our headquarters coordinates with various project companies on an on-going basis through various progress meeting and reporting mechanisms.

Selection of construction companies

We engage third-party construction companies for site preparation, project construction, equipment installation, engineering and interior work. We generally select construction companies through a tender process and request potential construction companies to provide a proposal with a fee quote. We currently maintain a database of more than 500 construction companies as our qualified construction contractors. As of June 30, 2013, we engaged 15 construction contractors, with which we have been working for a period ranging from one to four years. We consider the construction companies' track record, professional qualifications, past performance, reputation for reliability, quality and safety, references, technical sophistication, proposed delivery schedule and cost in our selection process. We seek to achieve high quality in the construction process while maintaining our construction costs at a reasonable level.

The construction companies we have engaged carry a minimum Second Grade certification from MOHURD (中華人民共和國住房和城鄉建設部), and hold all the necessary licenses and permits. To ensure that our projects are constructed by quality construction companies only, our construction contracts prohibit assignments without our consent. Our construction management department, both at headquarters and project company levels, continues to review the qualifications and performance of the construction companies on an on-going basis throughout the course of the construction process. The review criteria include construction quality, satisfactory construction in line with specifications, safety record, compliance with laws and regulations, and site management, among others.

Construction contract terms

The principal terms of the agreements with our construction contractors include the scope of work, a timetable for construction, fees and payment terms. In addition, our agreements with construction companies typically contain warranties for quality and requirements for timely completion of the construction process. Our construction agreements typically provide for payments based on construction progress until a specified maximum percentage of the total contract price is paid. We typically do not make any pre-payments, but instead make payments according to the progress on a monthly basis. We review the construction progress and make payments, generally on a monthly basis, equal to a set percentage of the construction work completed in the previous month. Following governmental inspection and approval of the completed construction project, a payment of the remaining balance, up to 97% of the total amount, of the completed construction may be paid to the contractor. The remaining balance, which is withheld to cover any damages as a result of any construction defects, is typically paid, without interest, to the contractor approximately two years after the date of governmental inspection and approval. From time to time, we may also negotiate for more favorable payment terms with our construction contractors. For example, for our trade center projects in Mianyang and Yulin, our construction contractors have allowed us to start to make payments only after 70% of the construction work is completed. We generally have the contractual rights to terminate the construction contracts, with prior written notice, upon (i) mutual agreement, (ii) assignment or sub-contracting of the construction work without our prior consent, (iii) material breach of the construction contract resulting in impossibility of due performance or (iv) a force majeure event. We generally require construction companies we engage to purchase insurance to cover risks related to construction while they perform work on our construction sites. During the Track Record Period, we have not had any material disputes with any of the construction companies we have engaged.

Procurement

Key building construction materials, such as steel and concrete, are generally procured by the construction companies we engage and we typically designate the brands and quality requirements of these key construction materials as part of our construction agreement. The risk of price fluctuation for these materials is generally borne by these construction companies so long as the increase is less than 5% of the stated contract price. In the event the price exceeds 5%, we are responsible for paying the increase in price above 5% of the stated contract price. At the headquarters level, we negotiate and arrange the purchase of certain large equipment, such as elevators, escalators and air-conditioning systems by our project companies.

Project Monitoring and Quality Control

Time control

To monitor construction progress, we develop a master construction plan for each project, which sets out the scope and timing of each construction milestone. We adopt varying time control and management methods during different periods of the construction process. During the ground construction period, our construction management department conducts regular meetings with construction companies, and our project team works closely with the construction companies we engage to ensure strict compliance with the schedule in the master construction plan. We closely monitor weather forecasts and make preparations in advance or adjustments to the construction progress accordingly. Once the ground construction is completed and the structural construction commences, we monitor the construction progress through weekly meetings. The master construction plan is adjusted in light of any delay reported by the construction contractors with a view to completing the overall project according to the original schedule. We strictly oversee the construction progress and require construction contractors to complete the construction work on a timely basis or be subject to fines. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delay in the completion of property construction.

Quality control

Quality control is crucial to the successful development of our trade centers and to meet the requirements of our target customers. We have taken a number of measures to ensure that the quality of our projects complies with applicable laws and regulations and meets market standards.

We maintain a list of approved design consultants, architects, construction companies and other suppliers to ensure that we use only those product and service providers with proven records. Our construction management department works closely with each project company to monitor the performance of the design consultants and construction companies who we engage to work on our projects. Within all our project companies, we have an aggregate of 34 employees who perform regular on-site quality audits and report poor workmanship, sub-standard materials or other irregularities to the construction management department. These employees are required to possess the qualification and industry experience generally required for such quality control function.

We employ strict procedures for selection, inspection and testing of equipment and materials. Each project company works with third-party product inspection companies to inspect equipment and materials to ensure compliance with contractual specifications before accepting the materials on-site and approving payment. We reject materials that are below our standards or that do not comply with our specifications.

Cost control

For each project we prepare a master budget. The budget is first formed at the project company level by our cost-control team. This budget is then reviewed by the eight-member cost-control department at the headquarters level and then ultimately approved by our Board of Directors. These employees review and verify the costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects. If the actual cost is likely to exceed the initially approved budget, prior approval from senior management must be obtained. Historically, we were not materially and adversely affected by any significant increase in cost of raw materials, equipment and construction contractors. For example, in 2010, 2011 and 2012 and the six months ended June 30, 2013, additional payments made to construction contractors in regard to 5% or more of increase in raw material prices amounted to nil, nil, RMB0.9 million and nil, respectively. We believe that we were able to reflect any additional payments made in this regard during the Track Record Period and up to the Latest Practicable Date in the sale price of the relevant properties.

For a discussion of our historical and future sources of funding to support our business growth, see “Financial Information – Liquidity and Capital Resources.”

PROPERTY SALES AND LEASES

Property Sales

After we receive a pre-sale permit from the governmental authorities, but generally before signing a sales contract, we require prospective purchasers to pay a deposit ranging from RMB50 thousand to RMB200 thousand to secure the property they have selected. After we receive the deposit, generally within a period of one to three months, we execute a sales contract with our customers. Such deposit is typically included as part of the down payment made by our customers when they sign the sales contract with us. Our sales contracts typically set out customary sales terms, such as specific information of the subject property, sales price, payment arrangement, delivery plan and default provisions.

Our customers generally elect to pay for their properties through: (1) a single lump-sum payment, (2) installments without a mortgage loan, and (3) installments with a mortgage loan. The following table sets forth the breakdown of turnover from sales of properties based on the payment method adopted by customers during the Track Record Period.

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	For the year ended December 31,						For the six months ended June 30,	
	2010		2011		2012		2013	
In thousands of RMB, except for percentages								
<i>Purchased by customers through</i>								
Single-lump payment	3,717	3.9%	396,448	47.6%	776,574	48.3%	59,523	31.8%
Installments without a mortgage loan. .	86,643	90.8%	34,645	4.2%	100,941	6.3%	6,956	3.7%
Installments with a mortgage loan	5,010	5.3%	401,534	48.2%	728,392	45.4%	120,741	64.5%
Total	95,370	100%	832,627	100%	1,605,907	100%	187,220	100%

If customers pay in a single lump sum, we normally require settlement upon or within one month after the signing of the sales contract. If customers pay in installments without utilizing a mortgage loan, we generally require them to pay 50% of the purchase price as a down payment upon signing of the sales contract and pay the remaining amount before or upon the delivery of the property. If customers pay in installments and also utilize a mortgage loan, we generally require them to pay 50% of the purchase price as a down payment upon signing of the sales contract and the remaining amount when the mortgage loan is drawn down. We generally deliver property to the customer after the remaining purchase price is fully settled through the mortgage loan.

Our sales contracts do not provide for a right to terminate the contract in the event of an adverse change in the property market in China or in any regional markets. However, our customers may terminate sales contracts in certain circumstances, such as our material delays in the delivery of the subject property or obtaining the ownership certificate, significant changes to the subject property that affect the quality, functionality or the GFA of the property. We may terminate a sales contract in circumstances such as the failure of the customer to make timely payment or otherwise fail to provide necessary information or make payment in regard to the application of mortgage loans.

In the event that our customer breaches the sales contract and decides not to proceed with the completion of the property sales transaction, we are entitled to continue to perform under the sales contract pursuant to the sales contract and the Contract Law of the PRC. Moreover, in the case that the customer who has paid a portion of the purchase consideration with the remaining to be settled through installment or mortgage loan breaches the sales contract, we are entitled to terminate the sales contract and resell the property, and claim for liquidation damage pursuant to the sales contract and the Contract law of the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material event of termination of sales contracts, and we did not experience any loss in reselling the property. We seek to manage the risks associated with contract termination through requiring a payment

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of at least 50% of the purchase consideration at the time of the sales contract. As a result, we believe that the likelihood for us to sustain any damage in reselling the property is remote unless such property experiences a significant decrease of price that is more than 50% of the original price.

Once our property has been delivered to a customer, we generally have the contractual right to provide warranty services that cover necessary repairs related to the workmanship of the property for a period of two to five years. However, if there are material defects in the main structure of the property, the customer is generally entitled to return the property, request a refund and claim for compensation. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material property return or warranty claims.

Like other property developers, we pre-sell properties prior to the completion of a project. Under PRC laws and regulations, property developers must satisfy specific conditions before they may pre-sell their properties under construction. For more information on these conditions, see “Regulatory Overview – Sale of Commodity Properties.” We believe that we are able to reflect any significant increase in cost of sales in the sales prices of our properties in current and future phases. Among other factors that affect the pricing of our property products, we take into consideration the level of actual costs which are closely monitored by our cost-control team and finance team. Our management team actively coordinates our sales and marketing team and our cost-control team at both our headquarters level and project company level and our finance team with the aim of passing on any significant increase in costs and expenses to our customers. We currently do not carry out any hedging or other similar transactions to manage the price fluctuation of steel and other key raw materials.

As discussed above, a number of our customers purchase our properties through the use of mortgage loans. In line with the general practice in the property industry in China, we provide guarantees to commercial banks in respect to the mortgage loans provided to the purchasers of our properties from the time of the drawdown up until the property is duly mortgaged with the bank. As part of our guarantee arrangement with commercial banks in China, we are generally required to place a deposit equaling 2-10% of the total loan facility made available with the commercial bank as a security for our guarantee obligation. As of the Latest Practicable Date, we had not experienced any defaults by property purchasers of their obligations under the bank loans that would trigger our obligation to the bank under guarantees we provided. See “Financial Information – Indebtedness and Contingencies – Contingent liabilities.”

We endeavor to deliver our properties to our customers on a timely basis. We closely monitor the progress of construction of our property projects as well as conduct pre-delivery property inspections to ensure on-time delivery. Once the construction has met all the requirements of sales agreement, we deliver the completed properties and help to obtain property ownership certificates which are required under the sales contracts to customers. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material late delivery of properties, cancellation of sales contracts, return of properties, customer defaults or customer bankruptcy or forfeiture of properties. In addition, we did not experience any significant decrease in average sales prices of our wholesale trading market units.

By offering trade center properties to prospective purchasers, we seek to raise the profile and reputation of such trade centers and increase the flow of trade and commerce at our trade centers. As part of our business model, we focus on selling our trade center properties to SMEs who plan to commence actual business operations at our trade centers rather than to investors who plan to hold our trade center properties for investment purposes. Our sales team also engages in in-depth discussions with potential purchasers and we verify the background of potential purchasers based on our sales team's interaction with them. In addition, we require prospective purchasers of our trade center properties to show their businesses licenses or other proof that they are willing and able to commence active business operations at our trade centers.

For a discussion of the historical sales volume and average sales prices of our property products, as well as related trends, see "Financial Information – Results of Operations."

Property Leases

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we derived insignificant amount of turnover from rental income, which amounted to RMB0.3 million, nil, RMB0.4 million and RMB0.2 million, respectively. As of July 31, 2013, we had an aggregate of 11 thousand sq.m. of properties that were leased out, which was the bus terminal of the Ningxiang Trade Center. In particular, the bus terminal represented approximately 3% of total GFA of the Ningxiang Trade Center. As our current development projects enter later phases of development, typically three to five years after the commencement of development, we plan to retain a proportion of trade center properties as investment properties for long-term recurring income and capital appreciation. These properties may include, units of wholesale trading markets, shopping malls, office buildings and exhibition and conference centers for leasing as well as serviced apartments and hotels that we may retain for investment purposes. During the Track Record Period, we did not designate any investment property and all of our development properties were held for sale.

Our tenants enter into fixed term lease agreements with us and we generally grant tenants a right to renew their leases upon mutual agreement between parties. We have the right to terminate leases upon the occurrence of certain events, such as non-payment of rent or breach of covenants by the tenants. Absent any material breach by the Company, our lease agreements generally do not give tenants the right to terminate their tenancies prior to their scheduled expiration dates, although certain leases permit tenants to terminate part or all of the leased properties with prior notice, subject to the cancellation of any rent-free period and forfeiture of the security deposit. Rental rates are subject to review and renegotiation on renewal of leases. Upon entering into a lease, tenants are required to provide a cash deposit, which is unsecured and does not bear interest. Tenants are required to pay their monthly rent in advance either on a monthly, quarterly, or yearly basis, or in advance of their lease term, depending on their lease agreement. Under the leases, tenants are normally responsible for payment of utilities in the trade center properties and for building management fees, while we are responsible for payments of utilities in the public areas. Tenants are also responsible for the costs of repair and maintenance and other expenses related to the interior of the leased properties, while we are generally responsible for the maintenance of the common areas and the main structures. Tenants are generally not permitted to assign or sublet the leased properties without our prior consent.

SUPPLIERS AND CUSTOMERS

Our principal suppliers are construction companies that we engage to construct our trade center projects. For the years ended December 31, 2010, 2011 and, 2012 and the six months ended June 30, 2013, purchases attributable to our single largest construction contractor accounted for approximately 72.8%, 43.7%, 66.0% and 29.0%, respectively, of our total purchase. For the same periods, purchases attributable to our five largest construction contractors accounted for approximately 79.4%, 60.8%, 91.2% and 62.5%, respectively, of our total purchases.

Our principal customers are purchasers and tenants of our trade center products. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, turnovers derived from our single largest customer accounted for approximately 8.9%, 0.9%, 1.3% and 3.1%, respectively, of our total turnover. For the same periods, turnovers derived from our five largest customers accounted for approximately 30.8%, 3.3%, 4.3% and 9.1%, respectively, of our total turnover.

In 2010, primarily all of our turnover was derived from the sales of commercial and residential units at Shui'an Xintian. At that time, our operational scale was relatively small, as reflected in our turnover of RMB95.7 million for 2010, compared to RMB832.7 million in 2011 and RMB1,607.1 million in 2012. In 2010, Mr. Wong Kim purchased several properties at Shui'an Xintian for a total amount of RMB5.5 million, representing 5.8% of our turnover during the year. Mr. Wong Kim was our third largest customer in 2010. In addition, Mr. Wong Kim became a shareholder of our Company in 2012, beneficially owning approximately 9.2% of our Company immediately after the Reorganization. He is also one of our Controlling Shareholders. Otherwise, none of our directors, their associates nor any shareholder holding more than 5% of our issued share capital has any interest in any of the five largest suppliers and customers during the Track Record Period.

SALES AND MARKETING

As of June 30, 2013, we had a team of approximately 34 sales and marketing personnel at our headquarters office, who develop market and brand promotional plans as well as advertising and sales plans for the properties to be sold or leased. In addition, there are more than 380 sales and marketing personnel at the project company level conducting day-to-day execution of our sales and marketing plans and on-site promotion and commercial events. We occasionally cooperate with other sales professionals, such as property brokerage firms, to prepare marketing studies, assist us in developing our advertising and sales and rental plans and execute our property sales plans. For example, at the Mianyang Trade Center, we have engaged an independent third-party property brokerage firm, to sell our trade center properties. We generally pay a fixed percentage of sales proceeds, typically 0.5-1.0%, as compensation to the third-party property brokerage firms we engage to assist in our property sales process. During the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the total costs and expenses recorded with respect to third-party property brokerage firms amounted to RMB5.8 million, RMB6.4 million, RMB0.6 million and RMB0.2 million, respectively.

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As part of our sales strategies, our sales staff conducts face-to-face sales activities with prospective customers in the cities in which we have constructed or are constructing trade centers. Our sales team provides these prospective customers information about our trade centers and discusses the benefits of moving their businesses to our trade centers where they can benefit from a more dynamic commercial environment and the range of services we provide. Our sales staff also gains knowledge and background information regarding potential purchasers of our properties based on which we are able to ensure that our target percentage of trade center property purchasers are SMEs. We also offer promotions to our potential customers depending on their needs and the stage of the trade center's development.

In addition, word-of-mouth referrals by former and current customers of a particular trade center have historically been another source of new unit purchasers and rentals at that trade center. We believe that our unit purchases and rental rates will continue to benefit from referrals and additional purchases by our network of customers who have had positive experiences conducting their businesses within our trade centers.

We periodically sponsor and participate in events in local regions in China where we develop and operate our trade center projects, such as trade seminars and exhibitions, in order to enhance our brand name and promote our trade center products. For example, in 2011, we participated in the 8th China (Yulin) Small and Middle Enterprises Exhibition for purposes of promoting the Yulin Trade Center. By raising our profile among various other participants of these events, such as domestic and international trade and industry associations, chambers of commerce, manufacturers and trading companies, other reputable property developers and potential property purchasers, we believe that we can enhance our brand recognition, display the strengths and advantages of our trade centers, attract additional customers and expand our network with domestic and international businesses and communities. We also use various local advertising media, including newspapers, television, advertising on buses and outdoor billboards, to market our trade centers. We also have our own website which provides a platform for promoting our trade centers and the businesses carried out in our trade centers.

PROPERTY MANAGEMENT

We provide management services for our trade centers through property management subsidiaries at project company levels. As of June 30, 2013, we had a total of 178 property management employees. Our property management services include, among other things, security, cleaning, repair and maintenance of equipment and facilities and other supporting facilities. We generally charge our customers a pre-determined monthly fee based on the GFA of the properties they own or rent for our property management services. We are responsible for establishing property management procedures and preparing maintenance and renovation plans with respect to our shopping centers and public facilities.

We also make available a range of on-site services at our trade centers through our property sales and lease arrangements with service providers in China, such as commercial banks, telecommunications companies, catering service providers and logistic companies. As we continue to grow our business, we expect to further ramp-up our property management services operations and expand the scope of property management services to our customers. We also expect to provide property management services to hotels at our trade center projects.

RISK MANAGEMENT

We recognize that risk management is critical to the success of any trade center developer and operator.

Key operational risks faced by our Company include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for trade center developments at commercially acceptable prices, local economic environment and urbanization process, expansion risks relating to entering into new geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other large-scale property developers and our ability to promote and sell our properties. See “Risk Factors” for a discussion of various risks and uncertainties we face.

In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See “Financial Information – Qualitative and Quantitative Disclosure about Market Risk” for a discussion of these market risks.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- at the board level, our Board of Directors is responsible and has general powers over the management and conduct of the business of our Company, and is in charge of the overall risk control of our Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body;
- at the daily corporate management level, our management team, led by Mr. Wong Choihing, our chairman, is in charge of the daily business operations of our Group. Our four vice presidents, in charge of finance, sales and marketing, construction management and project design, work closely with our executive directors and supervise the risks relevant to their respective fields of operations on a daily basis. In addition, our CFO is responsible for the review and control of market risks in connection with the supervision of financial reporting and disclosure matters;
- for major business activities, such as site selection for new projects, we adopt a centralized approach to review and approve the business plan and structure. See “– Our Development Process.” In addition, after discussing with local governments and conducting a comprehensive analysis and research of city development plans and local market conditions, our final site selection decisions are made by our investment committee. This committee was specifically formed to review and approve such business development and consists of eleven members including our executive directors and senior management members;

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- for particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by engaging qualified construction contractors with strict contractual requirements while maintaining daily quality control supervision. We also engage reputable financial, accounting and legal professionals to assist us in conducting significant corporate transactions, such as material investments for capital expenditure, incurrence of indebtedness or raising capital through equity offerings;
- we enforce strict control and accountability policies and manuals at an individual employee level and conduct on-going on-site training. Our policies and manuals are updated consistently based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks; and
- we maintain insurance coverage in line with the customary practice in the PRC real estate industry. We also closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damage to our property and liabilities that may be attributable to us. See “– Insurance.”

COMPETITION

The trade center industry is highly competitive and fragmented. The majority of trade center developers are local players with limited operating scale and track records, reflecting the unique historical development of the trade center industry in China. The earliest developers and operators who entered into this market in China were predominately entities affiliated with local governments. They mostly focused on developing a limited number of projects, mostly small in scale, in the local region. Over time, these markets gradually formed market clusters that subsequently fell under the administration, and sometimes the operation, of local governments. However, operators of these trade centers generally do not build new trade centers in additional cities or different regions. As a result, very few developers in the trade center industry in China have either regional or national reach. Currently there are a small number of established trade center developers that build multiple large-scale trade centers in diverse regions across China.

As a leading large-scale trade center developer and operator in China, our national footprint positions us as a major national player facing direct competition from other established national trade center developers as well as from smaller regional developers. Our trade center projects in third-and fourth-tier cities are generally built on a vast scale. We believe this reflects the limited market capacity of these cities to support multiple large-scale trade centers as well as the limited capacity of our local competitors to offer trade center products with a similar scale. However, we face competition at both a national and a local level. We believe that our current main competitors on a national level include various large-scale trade center developers and operators that operate multiple large-scale trade centers in China. Examples of developers with multiple large-scale trade centers under construction or planned to commence before November 30, 2013 include China South City Holding Limited and Wuzhou International. See “Industry Overview – Competitive Landscape.” On a local level, although we currently have the largest trade center in every city we operate, we face a number of smaller competitors.

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We believe that the major competitive factors in this industry include the geographic location, management expertise, financing, access to transportation infrastructure, government support, size of land reserves and land bank, scale of the trade center development project, number and type of industry sectors featured, number and quality of supporting services and facilities, brand recognition by customers, customer services and support, creditworthiness, price and design quality. There's no assurance that we will be able to continue competing effectively in our industry. See "Risk Factors – Risks Relating to Our Industry and Our Business – We face competition from other commercial property developers in China for land and customers."

For large-scale trade centers, barriers to entry are high and competition is increasingly intense in China in light of the regulatory trend to support urbanization and trade center development. Developers and operators now compete on a number of factors, including, brand and reputation, development expertise, knowledge of the local economic environment, ability to acquire quality land and obtain favorable regulatory support, funding and financing, among others.

PROPERTIES FOR OUR OWN USE

As of the Latest Practicable Date, we leased office space with a total GFA of approximately 3,400 sq.m. in Shenzhen as office facilities for our headquarters. We also lease office space with an aggregate GFA of approximately 3,700 sq.m. at the project company level in Wuzhou, Heze and Xingning and office space with a GFA of approximately 200 sq.m. in Hong Kong. We occupied approximately 2,000 sq.m. of office space at Haode Yinzuo.

INTELLECTUAL PROPERTY RIGHTS

We have registered the trademark of “毅德” and have submitted an application for registering the trademark of “Hydoo” in China. We have submitted an application for registering the trademark of “Hydoo毅德” in Hong Kong. We are also the owner of the domain name, www.hydoo.com.cn. For further information on these intellectual property rights, see “Statutory and General Information – B. Further Information About Our Business – 2. Our intellectual property rights” in Appendix V.

INSURANCE

We carry employer's liability to pay pension, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance as required by PRC laws. We also maintain insurance policies covering property damage due to natural hazards and general liability under property risk insurance, construction all risk insurance and public liability insurance. We do not, however, maintain property damage or third-party liability insurance on our workplace or trade center developments projects, as we generally require our construction contractors to carry such insurance as part of our arrangement with them. We also carry automobile insurance covering collision damage and various types of liability for our vehicles.

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We believe our insurance practice is in line with the customary practice in the PRC real estate industry. We closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damage to our property and liabilities that may be attributable to us. See “Risk Factors – Risks Relating to Our Business and Industry – We have limited insurance to cover our potential losses and claims.”

EMPLOYEES

We had 236, 723, 1,297 and 1,539 employees as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The following table sets forth a breakdown of our employees by function as of June 30, 2013.

	Number of employees at parent company level	Number of employees at project company level	Total
Management	11	36	47
Strategic planning and design	25	5	30
Construction management	29	274	303
Sales and marketing.	34	536	570
Property management	–	178	178
Finance and accounting	12	86	98
Human resources	9	38	47
General administration.	40	222	262
Risk management	4	–	4
Total	164	1,375	1,539

We actively recruit skilled and qualified personnel in Chinese local markets, including students newly graduated from universities as well as employees with relevant working experience. For senior management team and selected management positions, we may also seek to recruit personnel with international experience. The remuneration package of our employees includes salary, bonuses and other cash subsidies. In general, we determine employee salaries based on each employee’s qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion. We are subject to social insurance contribution plans organized by PRC local governments. In accordance with national and local labor and social welfare laws and regulations, we are required to pay, monthly social insurance premiums covering pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing reserve funds. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

We believe we have maintained good relationships with our employees. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We have not experienced significant labor disputes which have adversely affected or are likely to have an adverse effect on our business operations.

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We have established a training program that aims to support and encourage members of our management team to continue improving their management skills, including arranging for seminars and external training opportunities. We also provide comprehensive training for our employees to improve their skills and develop their careers. We provide orientation training for newly hired employees as well as continuing training for existing employees. We organize on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development, which are designed to improve the skills of our employees.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental protection laws and regulations. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. We are required to engage qualified agencies to conduct a comprehensive environmental assessment on each of our projects and to submit our environmental impact study reports to the government for approval. The PRC government will not grant us a construction permit with respect to any property project absent an acceptable environmental impact study report. We are committed to complying with these environmental protection laws and regulations. We also actively participate in the environmental assessment process and fully cooperate with accredited environmental assessment organizations.

We have taken certain measures to reduce pollution and comply with applicable environmental laws and regulations. These include energy-saving policies that reduce our electricity consumption, the implementation of a rain and sewage diversion system in certain trade centers, smoke filtering systems in the kitchens of our cafeterias and restaurants and in our backup generators, the installation of sound insulation in our backup generators and cooling machines, and the use of solar-powered water heaters. We encourage our construction contractors to use equipment and facilities and to adopt or develop new technologies in order to reduce the impact of our projects on the environment. In this regard, we have attempted to design our trade centers to reduce their impact on the environment and reduce energy costs. Upon completion of each property project, the local government authorities will also inspect the property site to ensure that we have complied with the applicable environmental protection standards.

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 training to workers who are exposed to the risk of occupational injuries.

To our knowledge, there has been no material non-compliance with the environmental and safety laws and regulations by us or the construction companies we have engaged during the Track Record Period. During the Track Record Period, we did not have any environmental or

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safety accidents at our development projects. As of the Latest Practicable Date, we were not aware of any material claim for personal or property damage in relation to environmental or safety accidents. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our cost of compliance with applicable environmental rules and regulations for the respective periods amounted to nil, RMB0.1 million, RMB1.6 million and RMB0.2 million, respectively. As we continue to grow our business and expand our geographic presence, we expect such costs and expenses to increase in the near future but do not expect such increase to have a material and adverse effect on our business, financial condition or results of operations.

COMPLIANCE AND LEGAL PROCEEDINGS

In August 2010, we commenced construction of a portion of the Jining Trade Center, primarily a shopping mall occupying a parcel of land with a site area of 171,334 sq.m. We commenced construction of the property prior to obtaining the land-use rights for the related land at the request of the local regulatory authority in charge of supervising the progress on the project development. In November 2010, the local regulatory authority in charge of land resource administration issued a notice for pecuniary penalty of approximately RMB3.4 million in regards to such commencement of construction and pre-sale activities prior to obtaining the relevant land-use rights certificate. We paid such penalty in December 2010, and we believe that the payment of this penalty did not have any material or adverse effect on our business, financial condition or results of operations. We obtained the land-use rights certificate with respect to such construction work in April 2012. The construction work was completed and we started to deliver the completed properties to our customers in 2012. As we obtained the land-use rights certificate and related approvals with respect to the subject property, Global Law Office, our PRC legal advisor, advised us that (i) the likelihood for us to be subject to further fines or punishment by the regulatory authorities is remote, and (ii) the likelihood that we would be subject to the CBRC restrictions from obtaining bank loans as a result of such non-compliance issue is remote. Our business, financial condition and results of operations have not been materially and adversely affected by the penalty paid in 2010.

We have implemented the following control measures to prevent further instances of non-compliance:

- our management team has included the appropriate procedures for handling potential non-compliance in our employee training materials and handbook, and we are conducting periodic training on legal and regulatory compliance with our employees;
- we have increased the size of our legal department and hired an additional seven personnel for our legal department at the group and subsidiary levels;
- we have maintained a database that includes all key information of material licenses, permits, approvals and certificates held or required by the Group, the conditions attaching to such licenses, permits, approvals and certificates and the various times by which such conditions are to be fulfilled;

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- we strictly require our project companies to closely monitor the issuance of the necessary licenses, permits, approvals and certificates for each project and to bring to the attention of the Board any matter in which the project company does not anticipate being able to receive a necessary license, permit, approval or certificate in a timely manner. Head of project companies report directly to our senior management team and are held responsible for supervising the compliance matters in the local area;
- we have introduced a policy to retain external compliance counsel to advise us on daily operations. We also have a policy to retain special counsel for major transactions based on our operating needs; and
- we conduct periodic reviews of our control system to ensure that we maintain an effective control system.

As of the Latest Practicable Date, (i) each of our subsidiaries in the PRC engaging in property development business holds valid qualifications required by the PRC laws, and (ii) each of our development project held by such subsidiaries are in compliance with the applicable construction scope and size restrictions. The following table sets out a list of qualifications held by our subsidiaries as of the Latest Practicable Date in the PRC that are property developers:

Entity	Name of the Certificate	Duration	Class	Permitted Construction Scope and Size
Hydoo Estate (Ganzhou) Company Limited	Qualification Certificate for Property Development Enterprise (Gan Jian Fang Kai Zi No. 2389)	From October 22, 2012 to September 6, 2015	Class 2 Qualification	• Provided that each section of such project if it contains multiple sections (涉及分階段的項目立項), or such project if no section division is contemplated (項目立項), does not exceed 250,000 sq.m. for purposes of project proposal approval (立項批准) by the relevant authorities. • Any project fulfilling the above requirement in Ganzhou, in other locations in Jiangxi province subject to registration with the Jiangxi Construction Department and in other locations in the PRC subject to approval by the Jiangxi Construction Department.

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Entity	Name of the Certificate	Duration	Class	Permitted Construction Scope and Size
Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited	Interim Qualification Certificate for Property Development Enterprise (Gan Jian Fang Kai Zi No. 5000)	From October 12, 2012 to October 11, 2013	Interim Qualification	Any project if no section division is contemplated (項目立項) or any section of a project if it contains multiple sections (涉及分階段的項目立項) for purposes of project proposal approval (立項批准) by the relevant authorities, with size compatible with its fund and personnel in Ganzhou, in other locations within Jiangxi province subject to registration with the Jiangxi Construction Department and in other locations in the PRC subject to approval by the Jiangxi Construction Department.
Ningxiang Hydoo Guangcai Trade Center Development Company Limited	Qualification Certificate for Property Development Enterprise (Xiang A93091829)	From July 30, 2012 to July 29, 2015	Class 3 Qualification	• Provided that each section of such project if it contains multiple sections (涉及分階段的項目立項), or such project if no section division is contemplated (項目立項), does not exceed 150,000 sq.m. for purposes of project proposal approval (立項批准) by the relevant authorities. • Any project fulfilling the above requirement in Hunan province.
Jining Hydoo Logistics Center Development Company Limited	Interim Qualification Certificate for Property Development Enterprise (No. 096353)	From January 22, 2013 to September 30, 2014	Interim Qualification	Any project if no section division is contemplated (項目立項) or any section of a project if it contains multiple sections (涉及分階段的項目立項) for purposes of project proposal approval (立項批准) by the relevant authorities, with size compatible with its registered capital and personnel, etc. in Jining.
Mianyang West Modern Trade Center Development Company Limited	Interim Qualification Certificate for Property Development Enterprise (No. 510700D167)	From February 17, 2013 to December 19, 2013	Interim Class 3 Qualification	• Provided that each section of such project if it contains multiple sections (涉及分階段的項目立項), or such project if no section division is contemplated (項目立項), does not exceed 150,000 sq.m. for purposes of project proposal approval (立項批准) by the relevant authorities. • Any project fulfilling the above requirement in Sichuan province.

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Entity	Name of the Certificate	Duration	Class	Permitted Construction Scope and Size
Heze Hydoo Commercial and Trade Center Company Limited	Interim Qualification Certificate for Property Development Enterprise (No. 166489)	From May 9, 2013 to June 30, 2015	Interim Qualification	Specifically for Heze Hydoo Trade Center Project as indicated in the qualification certificate.
Guangxi Yulin Modern Trade Center Development Company Limited	Interim Qualification Certificate for Property Development Enterprise (No. 4508L0301)	From January 18, 2012 to January 18, 2014	Interim Qualification	• Provided that each section of such project if it contains multiple sections (涉及分階段的項目立項), or such project if no section division is contemplated (項目立項), does not exceed 100,000 sq.m. for purposes of project proposal approval (立項批准) by the relevant authorities. • Any project fulfilling the above requirement in Guangxi autonomous region.
Wuzhou Hydoo Commercial and Trade Center Development Company Limited	Interim Qualification Certificate for Property Development Enterprise (No. 4504L0360)	From June 6, 2013 to June 6, 2014	Interim Qualification	• Provided that each section of such project if it contains multiple sections (涉及分階段的項目立項), or such project if no section division is contemplated (項目立項), does not exceed 100,000 sq.m. for purpose of project proposal approval (立項批准) by the relevant authorities. • Any project fulfilling the above requirement in Guangxi autonomous region.
Xingning Hydoo Commercial and Trade Center Company Limited	Interim Qualification Certificate for Property Development Enterprise (Yue (Xing Ning) Fang Kai Zheng Zi No. 0000070)	From July 23, 2013 to July 23, 2014	Interim Qualification	• Any project if no section division is contemplated (項目立項) or any section of a project if it contains multiple sections (涉及分階段的項目立項) for purposes of project proposal approval (立項批准) by the relevant authorities with size compatible with its registered capital and personnel, etc. in Xingning.

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Save as described above, during the Track Record Period and as of the Latest Practicable Date, (i) we did not have any material non-compliance with relevant laws, rules and regulations, (ii) none of us or any of our subsidiaries were involved in any litigation, arbitration or claim of material importance, and (iii) we duly obtained or applied for renewal of all material and requisite licenses and permits to conduct our business as described in this section, including the license to conduct property development business in China (namely the Qualification Certificate for Property Development Enterprise or the Interim Qualification Certificate for Property Development Enterprise). Based on our directors and management team's evaluation of such enhanced internal control measures as well as our current status in terms of complying with PRC laws and regulations, we believe that such enhanced measures are adequate and effective.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Our Controlling Shareholders

Our Controlling Shareholders are our Ultimate Controlling Shareholders, Most Trend, Mr. Wong Kim and Eminent Ascend.

Immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), our Company will be owned as to approximately 7.5% by Eminent Ascend, which is beneficially owned by Mr. Wong Kim and as to approximately 51.5% by Most Trend, which is beneficially owned by our Ultimate Controlling Shareholders. Our Ultimate Controlling Shareholders are Mr. Wong Choihing, his brothers, namely Mr. Wang Quanguang and Mr. Wang Jianli, his son, namely Mr. Wang Dewen and his nephews, namely Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheungtak.

On March 22, 2013, our Ultimate Controlling Shareholders executed an acting-in-concert declaration, whereby, among other things, they confirmed that since January 1, 2010, they have been operating our Group collectively and would, through discussions, reach consensus among themselves before making any commercial decisions on an unanimous basis.

Our Ultimate Controlling Shareholders further confirmed that they were given sufficient information and time to consider and discuss the issues before making any commercial decision. Since January 1, 2010, all decisions were made unanimously at the relevant board and shareholders' meetings, where applicable, of our Group members by our Ultimate Controlling Shareholders.

Our Ultimate Controlling Shareholders have further jointly and severally undertaken that, during the period they remain in control of our Group (before and after our Reorganization), they will maintain the acting-in-concert relationship.

As such, our Ultimate Controlling Shareholders, as a group of shareholders entitled to exercise more than 30% of the voting rights at general meetings of our Company, are together, along with Most Trend, regarded as our Controlling Shareholders upon Listing.

As Mr. Wong Kim is a son of Mr. Wong Choihing and the 6,250 Shares of US\$1.00 each were transferred to him by Most Trend on June 28, 2012, at nominal consideration, the share interest held by Mr. Wong Kim, through Eminent Ascend, will not be counted as part of the public float upon Listing and Mr. Wong Kim will be deemed as one of our Controlling Shareholders.

Our Directors have confirmed that to the best of their knowledge, information and belief, as at the Latest Practicable Date, none of our Controlling Shareholders nor any Directors and any of their respective associates has interests in businesses, other than our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

For sake of completeness, as disclosed in the section headed “History and Corporate Structure – Our History and Development” in this prospectus, the Other Wang Family Members will continue their business in the Excluded Howard Projects, in which our Ultimate Controlling Shareholders and/or their respective associates have ceased to have any interests or hold any management positions since completion of the Family Allocation. For details regarding the Family Allocation and the allocation of the interest in respect of the Excluded Howard Projects, please refer to the section headed “History and Corporate Structure – Our History and Development” in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of conducting our business independently from our Controlling Shareholders after the Listing for the following reasons:

Management Independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises of two executive Directors, one non-executive Director and three independent non-executive Directors. Our executive Directors, Mr. Wong Choihing and Mr. Huang Dehong, are also directors of Most Trend. Most Trend is an investment holding company whose principal asset is its shareholding in our Company. Save as disclosed above, none of our Directors or members of our senior management holds any position or has any roles or responsibility in any business, other than our Group’s business, which competes or is likely to compete, either directly or indirectly, with our Group’s business. Our Directors are satisfied that Mr. Wong Choihing and Mr. Huang Dehong, our executive Directors, are able to perform their roles in our Company independently, and we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) we have three independent non-executive Directors and certain matters of our Company, including matters referred to in the Deed of Non-competition, details which are set out in the paragraph headed “Deed of Non-competition” below, must always be referred to the independent non-executive Directors for review;
- (c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates (“**Conflicting Transaction**”), the interested Director(s) will absent themselves from participation and abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In the event that there is a Conflicting Transaction which will be submitted to our independent non-executive Directors for their consideration and approval, they will have

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

extensive experience and knowledge to oversee such a Conflicting Transaction from different aspects. Therefore, our Group can be managed independently notwithstanding that two of our Controlling Shareholders, namely, Mr. Wong Choihing and Mr. Huang Dehong, are executive Directors;

- (d) save for Mr. Wong Choihing and Mr. Huang Dehong, all our senior management members are independent from our Controlling Shareholders. They have substantial experience in the trade center development industry and are responsible to manage our Group's daily operations; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please refer to the paragraph headed "Corporate Governance Measures" in the section below for further information.

Operational Independence

We are independent from our Controlling Shareholders, as we do not share operational facilities and capabilities with our Controlling Shareholders. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently from our Controlling Shareholders. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

In addition, there does not exist any continuing connected transactions between our Controlling Shareholders or their respective associates and our Group which will be subject to the relevant reporting, annual review, announcement and/or independent shareholders' approval requirements under the Listing Rules upon the Listing.

Financial Independence

Our Group has its own accounting and finance department and accounting systems and we make financial decisions according to our own business needs. Our accounting and finance department will be responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring bank loan facilities and drawdowns. As of the Latest Practicable Date, we did not have any outstanding loans, borrowings or guarantees from any of our Controlling Shareholders or any of their respective associates. Our Directors confirm that our Group is able to operate financially independently from our Controlling Shareholders after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into a Deed of Non-competition on September 27, 2013 in favor of our Company, pursuant to which each of our Controlling Shareholders has unconditionally and irrevocably undertaken to our Company (for itself and for the benefit of each of the other members of our Group and as provided below in relation to the Other Wang Family Members) that he/it would not, and would procure that he/its associates (other than any members of our Group) would not, during the Restricted Period (as defined below), directly or indirectly, either on his/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, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which is or may be in competition directly or indirectly with the business referred to in this prospectus carried on or contemplated to be carried on by any member of our Group from time to time (the “**Restricted Business**”).

Each of our Controlling Shareholders has also undertaken to our Company the following:

- (a) to provide all information requested by our Company which is necessary for an annual review by our independent non-executive Directors of his/its compliance with the Deed of Non-competition and the enforcement of the Deed of Non-competition;
- (b) to procure our Company to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of his/its non-competition undertakings either through the annual report, or by way of announcements to the public; and
- (c) to make an annual declaration on compliance with his/its undertaking under the Deed of Non-competition in the annual reports of our Company as the independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules.

The Deed of Non-competition does not apply to:

- (a) the holding of, or interests in, the shares of any members of our Group; or
- (b) the holding of, or interests in, the shares of a company other than a member of our Group whose shares are listed on a recognized stock exchange provided that:
 - (i) the relevant 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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) the total number of the shares held by the relevant Controlling Shareholder and/or his/its associates does not exceed 5% of the issued shares of that class of the company in question, and such Controlling Shareholder and his/its respective associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company (together, where appropriate, with its associates) whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholder in aggregate and/or his/its associates in aggregate.

The “Restricted Period” stated in the Deed of Non-competition refers to the period during which (i) the Shares remain listed on the Stock Exchange; (ii) the relevant Controlling Shareholder and his/its associate holds an equity interest in our Company; and (iii) the relevant Controlling Shareholder and/or his/its associates jointly or severally are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company. In other words, if our Company is no longer listed on the Stock Exchange or the relevant Controlling Shareholder comes to hold less than 30% of the Shares then in issue, the Deed of Non-competition will not apply. We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the Listing Rules and the Takeovers Code for the concept of “control”.

Our Controlling Shareholders have further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Business (the “**New Opportunities**”) given, identified or offered to him/it and/or any of his/its associates (other than any members of our Group) (the “**Offeror**”) is first referred to us in the following manner:

- (a) each of our Controlling Shareholders is required to, and shall procure his or its associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to our Company, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (i) such New Opportunities would constitute competition with our core business, and (ii) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the “**Offer Notice**”); and
- (b) the Offeror will be entitled to pursue the New Opportunities only if (i) the Offeror has received a notice from us declining the New Opportunities and confirming that such New Opportunities would not constitute competition with our core business, or (ii) the Offeror has not received such notice from us within 10 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Upon receipt of the Offer Notice, we shall seek opinions and decisions from our independent non-executive Directors who do not have a material interest in the matter as to whether (i) such New Opportunities would constitute competition with our core business, and (ii) it is in the interest of our Company and the Shareholders as a whole to pursue the New Opportunities.

It is acknowledged by our Company that, since the completion of the Family Allocation, (i) Mr. Wong Choihing's siblings, namely Mr. Wang Zhongsheng, Mr. Wang Changxing, Mr. Wong Cheunglee, Mr. Wang Qunli, Ms. Wang Guizhu, and their relevant family members (the **"Other Wang Family Members"**) have been developing and are expected to continue to develop the trade center business in the PRC (including but not limited to the Excluded Howard Projects and the Other Projects) independently from our Group (the **"Independent Wang Business"**), and (ii) none of our Controlling Shareholders or his/its associates (except for the Other Wang Family Members) will, directly or indirectly, either on his/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, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any of the Independent Wang Business. On the foregoing basis, our Company agrees that the conduct and continuation of the Independent Wang Business by the Other Wang Family Members shall not be considered as a breach of the obligations of our Controlling Shareholders under the Deed of Non-competition.

CORPORATE GOVERNANCE MEASURES

Pursuant to the Deed of Non-competition, our Company will also adopt the following corporate governance practices to manage any potential Conflicting Transactions in order to safeguard the interests of the Shareholders:

- (a) the independent non-executive Directors will review, at least on an annual basis, the compliance by our Controlling Shareholders with the Deed of Non-competition (the **"Annual Review"**);
- (b) each of our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review and the enforcement of the Deed of Non-competition;
- (c) our Company will disclose decisions on matters reviewed by the independent non-executive Directors in relation to the breach and enforcement of the Deed of Non-competition (if any) in the annual report of our Company; and
- (d) our Controlling Shareholders will provide our Company with an annual confirmation in respect of the compliance with the Deed of Non-competition given by him/it, and our Company will disclose such confirmation in the annual report of our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The independent non-executive Directors have sufficient expertise in the commercial and economic sectors (as more particularly described in the section headed “Directors and Senior Management – Board of Directors – Independent Non-Executive Directors” in this prospectus) and the Directors are confident that they will be capable of monitoring any potential competition and conflict of interest issues. The independent non-executive Directors will also be able to seek independent professional advice in appropriate circumstances where the need arises.

In addition, we have appointed Guotai Junan International as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and internal controls.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board consists of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. The Board is responsible and has general powers for the management and conduct of the business of our Company.

The table below sets forth certain information in respect of our Directors:

Name	Age	Position	Date of Appointment	Responsibilities in our Group	Relationship with the other Directors
Wong Choihing (王再興)	61	Chairman, chief executive officer and executive Director	December 2010	Formulation of the overall development and strategic plans of our Group as well as overseeing project planning, business and operations management	Uncle of Mr. Huang Dehong
Huang Dehong (黃德宏)	35	Executive Director	March 2013	Day to day management of the business of our Group	Nephew of Mr. Wong Choihing
Yuan Bing (袁兵)	45	Non-executive Director	July 2011	Providing strategic advice and guidance on the business and operations of our Group	N/A
Yang Xianzu (楊賢足)	74	Independent non-executive Director	March 2013	Providing guidance and supervision regarding the business and operations of our Group	N/A
Wang Lianzhou (王連洲)	74	Independent non-executive Director	March 2013	Providing guidance and supervision regarding the business and operations of our Group	N/A
Lam, Chi Yuen Nelson (林智遠)	45	Independent non-executive Director	March 2013	Providing guidance and supervision regarding the business and operations of our Group, particularly our Group's financial management	N/A

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wong Choihing (王再興), aged 61, is our Chairman, chief executive officer, our executive Director and one of our Ultimate Controlling Shareholders. He was appointed as the Director of our Company in December 2010 and is primarily responsible for formulating the overall development and strategic plans of our Group as well as overseeing project planning, business and operations management of our Group. Mr. Wong has approximately 18 years of experience in the trade center development and operations industry. Mr. Wong has been the director of Hydoo HK since January 2002 and chairman and president of Hydoo HK since October 2002 and the supervisor of Jining Hydoo Logistics Center Development Company Limited since February 2010. From 1995 to 2010, Mr. Wong together with his siblings and their family have developed 19 trade center projects in seven provinces in China.

Mr. Wong currently holds positions in various organizations and associations, and has won numerous awards, details of which are set out below:

Organization	Position
The 11th and 12th National Committee of the Chinese People's Political Consultative Conference (政協第十一屆和第十二屆全國委員會)	Member
China Society for Promotion of the Guangcai Program ¹ (中國光彩事業促進會)	Vice president
All-China Federation of Industry & Commerce ² (中華全國工商業聯合會)	Standing committee member
Hong Kong China Chamber of Commerce (香港中國商會)	Founding president
Federation of Hong Kong Shenzhen Association (香港深圳社團總會)	Permanent honorary president
Federation of Industry and Commerce of Jiangxi (江西省工商業聯合會)	Vice chairman
The Second Council Committee of Jiangxi Businessmen's Alliance in China (江西贛商聯合總會第二屆理事會)	Standing vice president

DIRECTORS AND SENIOR MANAGEMENT

Year	Award	Organization
2009	Award for Excellence in the National Guangcai Program (光彩事業突出貢獻獎)	China Society for Promotion of the Guangcai Program ¹ (中國光彩事業促進會)
2008	Shandong's "Leading Overseas Chinese Entrepreneurs" (山東省“傑出僑商”獎)	"Leading Overseas Chinese" Nomination Committee, Shandong Province, the PRC (中國山東省“傑出僑商”評選委員會)
2008	China's Top Ten Leading Jiangxi Businessmen (中國十大傑出贛商)	Foreign Economic and Technical Cooperation Office, Jiangxi Province, the PRC (中國江西省對外經濟技術合作辦公室) Jiangxi Daily (江西日報社) Academy of Social Science, Jiangxi, the PRC (中國江西省社會科學院) Federation of Industry & Commerce, Jiangxi, the PRC (中國江西省工商業聯合會)
2007	China's Top Ten Individual Contributors to the Guangcai Program (中國十大光彩人物)	CCTV-2 (中國中央電視台經濟頻道) China Society for Promotion of the Guangcai Program (中國光彩事業促進會) ¹ China Association of Small and Medium Enterprises (中國中小企業協會)
2004	Jiangxi's Ten Most Charitable Individuals (江西十大愛心人士)	Charity Federation, Jiangxi province, the PRC (中國江西省慈善總會) Federation of Industry & Commerce, Jiangxi, the PRC (中國江西省工商業聯合會) Jiangxi Daily (江西日報社)
2002	Gold Medal for Achievements in the Guangcai Program of Guangdong Province (廣東省光彩事業金獎)	Party Committee United Front Work Department, Guangdong province, the PRC (中國廣東省委統戰部) Federation of Industry & Commerce Guangdong province, the PRC (廣東省工商業聯合會) Society for Promotion of the Guangcai Program, Guangdong province, the PRC (廣東省光彩事業促進會)

DIRECTORS AND SENIOR MANAGEMENT

- 1 Also called China Glory Society, an independent non-governmental organization established in 1995, which composed of voluntary private sector businessmen from mainland China, Hong Kong, Macau, Taiwan as well as other countries, with the aim of alleviating poverty and fostering economic development in poverty-stricken areas in the PRC.
- 2 A civil association established in 1953 under the leadership of the PRC communist party, and served as a channel for the PRC communist party and the PRC government to liaise with enterprises and businessmen in the private sector.

Mr. Wong is the uncle of Mr. Huang Dehong, the executive Director of our Company.

Mr. Huang Dehong (黃德宏), aged 35, is our executive Director. He was appointed as the Director of our Company in March 2013 and is primarily responsible for the day to day management of the business of our Group. Mr. Huang has seven years of experience in the trade center development and operations industry. He has been the director of Ningxiang Hydoo Guangcai Trade Center Development Company Limited since July 2009, the general manager of Ningxiang Hydoo Guangcai Trade Center Development Company Limited since December 2010 and the director and general manager of Wuzhou Hydoo Commercial and Trade Center Development Company Limited since April 2012. He was also the deputy general manager of Ningxiang Hydoo Guangcai Trade Center Development Company Limited from July 2009 to December 2010. From January 2006 to June 2009, he served as the executive deputy general manager of Shuo Zhou Howard Commercial and Trade Center Development Company Limited (朔州豪德貿易廣場開發有限公司), and was responsible for assisting the general manager with the company's operations and management.

Mr. Huang graduated from Sun Yat-sen University with a diploma in law in June 1998.

Mr. Huang is the nephew of Mr. Wong Choihing, the executive Director, Chairman and chief executive officer of our Company.

Non-Executive Directors

Mr. Yuan Bing (袁兵), aged 45, is our non-executive Director. He was appointed as the Director of our Company in July 2011 and is primarily responsible for providing strategic advice and guidance on the business and operations of our Group. Mr. Yuan has more than ten years of experience in the investment banking industry and has extensive knowledge in corporate financing, listings and mergers and acquisitions transactions. Mr. Yuan joined Hony Capital in April 2009 and has served as managing director of the investment department of its Hong Kong office since January 2010. Currently, he is also a director of Top Amuse and a non-executive and non-independent director and member of audit and compensation committees of Biosensors International Group, Ltd., a company listed on Singapore Stock Exchange. Prior to joining Hony Capital, Mr. Yuan served as managing director of the direct investment department of Morgan Stanley Asia Limited from October 2006 to 2009. Before that, Mr. Yuan served as managing director of the PRC enterprises corporate financing department of Morgan Stanley Asia Limited from April 2004 to June 2006. Mr. Yuan also served as the vice president of Credit Suisse First Boston (Hong Kong) Limited from September 2001 to March 2004.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuan received a bachelor of arts degree in English from Nanjing University in July 1990. He also obtained a master's degree in international relations in June 1993 and a juris doctorate's degree in June 1998 from Yale University.

Independent Non-Executive Directors

Mr. Yang Xianzu (楊賢足), aged 74, was appointed as an independent non-executive Director of our Company in March 2013. Mr. Yang has more than 30 years of experience in telecommunications industry. Currently, he serves as an independent non-executive director of several companies listed on the Stock Exchange, namely, Dongfeng Motor Group Company Limited, China Wireless Technologies Limited and CITIC Telecom International Holdings Limited (stock code: 489, 2369 and 1883, respectively). He is also an independent director of 263 Network Ltd (二六三網路通信股份有限公司), a company listed on the Shenzhen Stock Exchange. Since 2003, he has served as a member of the 10th National Committee of CPPCC, an external director of Baosteel Group Corporation (寶鋼集團有限公司) and China Electronics Corporation (中國電子資訊產業集團公司) successively. From 1999 to 2003, he served as the Chairman of China United Telecommunications Corporation Limited (中國聯合通信股份有限公司) (a company listed on Shanghai stock exchange) and from 2000 to 2003, he served as the chairman of China Unicom (Hong Kong) Limited (a company listed on New York Stock Exchange and Stock Exchange). Prior to that, he successively served as the deputy minister of the Ministry of Post and Telecommunications and the Ministry of Information Industry. He also served as the director of Henan Administration for Post and Telecommunications from 1986 to 1990 and the deputy director of Hubei Administration for Post and Telecommunications from 1983 to 1986.

Mr. Wang Lianzhou (王連洲), aged 74, was appointed as an independent non-executive Director of our Company in March 2013. Currently, he serves as an independent director of Beijing Tongrentang Co. Ltd (a company listed on Shanghai Stock Exchange), Hwabao Trust Co. Ltd. (華寶信託有限責任公司), Great Wall Fund Management Co. Ltd., Heaven-Sent Capital Management Group Co. Ltd. (矽谷天堂資產管理集團), and the director of the editorial committee of Securities Investment Fund Yearbook. He also acted as an independent director of China Asset Management Co., Ltd and the independent supervisor of Baoying Fund Management Co. Ltd., and the president of the Trust and Fund Institution of the People's University of China. He previously worked at finance and economy committee of National People's Congress ("NPC Finance and Economy Committee") and was responsible for coordinating the work between the NPC Finance and Economy Committee and the relevant departments of the PRC central government and to launch the legislation on economic matters. He successively served as the vice chief and the chief of the finance group of the NPC Finance and Economy Committee office, the deputy director of the office and economic law office, bureau-level inspector of research institute. He also served as the group leader in drafting the *Securities Law*, *Trust Law*, and *Investment Fund Law* of China, consistently dedicating to the construction of legal system for capital market.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam, Chi Yuen Nelson (林智遠), aged 45, was appointed as an independent non-executive Director of our Company in March 2013. He has extensive experience in professional accountancy in Hong Kong, in particular in advising and speaking on issues relating to International and Hong Kong financial reporting standards in Hong Kong and other Asian cities. Currently, he is the sole proprietor of Nelson and Company, Certified Public Accountants which has been in operation since February 2005. He has been appointed as a non-official non-executive director of the Urban Renewal Authority Board of Hong Kong SAR since May 2013. He has been the independent non-executive director of China Resources Cement Holdings Limited, a company listed in Stock Exchange (stock code: 1313), since August 2008. He has also been appointed as a member of the Financial Reporting Review Panel since July 2013 and a member of the Air Transport Licensing Authority since August 2013.

Mr. Lam is a practicing fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of several professional bodies in Australia, the USA and the United Kingdom, including CPA Australia, the American Institute of Certified Public Accountants and the Institute of Chartered Accountants of England and Wales. He is also a CFA charter holder and a fellow member of the Hong Kong Institute of Directors. Mr. Lam is currently the president of the Society of Chinese Accountants and Auditors.

Mr. Lam received a bachelor of business administration degree in accounting from the Hong Kong Baptist University (formerly known as Hong Kong Baptist College) in January 1992, a master of business administration degree from The Hong Kong University of Science and Technology in November 1998 and a master of science degree from The Chinese University of Hong Kong in November 2001.

Please refer to the section headed “Appendix V – Statutory and General Information” in this prospectus for further information about our Directors, including the particulars of their service contracts and remuneration, and details of the interests of our Directors in our Shares (within the meaning of Part XV of the SFO).

Except as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that needs to be brought to the attention of our Shareholders and there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Name	Age	Position/Title
Wong Choihing (王再興)	61	Chairman, chief executive officer and executive Director
Wu Bo (吳波)	43	Vice president, chief financial officer
Huang Wenbin (黃文濱)	49	Vice president, Sales and Marketing
Zhao Yande (趙彥德)	36	Vice president, General Manager of Ganzhou Project
Chen Zhongmin (陳忠民)	58	Vice president, Design
Zhou Zhiyuan (周志元)	40	Vice president, Construction
Wang Xiangui (王顯貴)	56	Director, Project Development
Ma Yi (馬禕)	44	Assistant-to-president, Director of Strategic Planning and Project Operations

Mr. Wong Choihing (王再興), please refer to his biography under the paragraph headed “Board of Directors – Executive Directors” in this section.

Mr. Wu Bo (吳波), aged 43, was appointed as vice president and chief financial officer of our Company in November 2011 and is primarily responsible for the overall financial affairs of our Group. Prior to joining our Group, Mr. Wu had been involved in the establishment of several startup companies from August 2005 to November 2011, which included Myetong.com (online stores search engine), Caton Oversee (research and development of streaming media device), Hinora.com (touch screen module production) and Vodino.com (interactive system development). From May 2004 to August 2005, Mr. Wu acted as the vice president and chief operating officer of China Finance Online Co., Ltd. (a company listed on NASDAQ). Before returning to China, from September 1998 to September 2001, Mr. Wu worked at Dun & Bradstreet Corporation during which he was rotated in Moody’s Investor Services and two other companies. In May 2000, he was promoted to the director of global corporate development of Dun & Bradstreet Corporation.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu received a bachelor of science degree in material science from the University of Science and Technology in July 1992 and a master's degree in biochemistry and a master of business administration degree from Rutgers, the State University of New Jersey in May 1995 and October 1998, respectively.

Mr. Huang Wenbin (黃文濱), aged 49, was appointed as a vice president of our Company in November 2011 and is primarily responsible for sales and marketing management of our Group. Mr. Huang has 18 years of experience in sales and marketing. Prior to joining our Group, Mr. Huang was the vice general manager of Hong Kong Howard Group Company Limited from February 2005 to November 2011, and was principally in charge of the sales and marketing of trade center projects. Mr. Huang was also the deputy general manager of the Jining Hydoo Logistics Center Development Company Limited from May 2010 to November 2011, and was responsible for sales and marketing of the Jining Trade Center. Concurrently, Mr. Huang served as deputy general manager of China South City Xi'an Company Limited (西安華南城有限公司) in charge of marketing from January 2010 to October 2011, and was responsible for sales and marketing management. Mr. Huang served as the deputy general manager of Jingdezhen Howard Trade Center Development Company Limited (景德鎮豪德貿易廣場開發有限公司) from January 2001 to June 2005. He also acted as the deputy general manager/general manager of Jiangxi Howard Group Bioengineering Industrial Co., Ltd. (江西豪德集團生物工程實業有限公司) from November 1998 to December 2000 and the deputy general manager of Ganzhou Lifa Metal Products Company Limited (贛州利發金屬製品有限公司) from March 1994 to November 1998.

Mr. Zhao Yande (趙彥德), aged 36, is a vice president of our Company since November 2011, and a general manager of the Ganzhou project of our Company since December 2012. From November 2011 to November 2012, Mr. Zhao served as the vice president of construction management of our Company and was primarily responsible for the overall construction management of our Group. Mr. Zhao has more than ten years of experience in construction management. Prior to joining our Group, he was also the deputy general manager of Jining Hydoo Logistics Center Development Company Limited from February 2010 to November 2011 and was responsible for construction management of the Jining Trade Center. Concurrently, Mr. Zhao acted as the deputy general manager of construction in China South City Xi'an Company Limited (西安華南城有限公司) from October 2009 to October 2011, and was responsible for managing the construction of the entire project. From November 2008 to October 2009, Mr. Zhao acted as the deputy general manager of construction in Jingdezhen Howard Trade Center Development Company Limited (景德鎮豪德貿易廣場開發有限公司), and was responsible for managing the construction of the entire project. From May 2006 to November 2008, Mr. Zhao worked for Shenzhen China Overseas Construction Limited (深圳中海建築工程有限公司), and was responsible for managing the construction of the Futian Shangri-La Hotel, Kerry Plaza and Zhuhai Silver Bay projects. From July 2000 to May 2006, Mr. Zhao worked for China State Construction International Holdings Ltd., and was responsible for managing the reconstruction of Kowloon Hospital, the 101 Area project and other projects.

Mr. Zhao received a bachelor's degree in construction management from Chongqing University in July 2000, and a masters of science degree in project management from the Hong Kong Polytechnic University in December 2007.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Zhongmin (陳忠民), aged 58, was appointed as a vice president of our Company in November 2011 and is primarily responsible for the overall project plan and architectural design management of our Group. Mr. Chen has more than ten years of experience in city planning, architectural design, commercial real estate development and operations management. Prior to joining our Group, Mr. Chen acted as the chief planner of Hong Kong Howard Group Company Limited from April 2007 to November 2011, and was responsible for site selection, design and planning of all the projects of the group. Concurrently, Mr. Chen acted as the executive deputy general manager of Jining Hydoo Logistics Center Development Company Limited from February 2010 to November 2011 and was responsible for the daily management of the company and the design of Jining Trade Centre. From April 2006 to April 2007, he was the general manager of Shenzhen Minghao Investment Company Limited (深圳市銘豪投資公司), and was responsible for the property development and operations of the project companies, especially Muyang project. From August 2002 to February 2006, he successively served as the deputy general manager of Quanying Weiye (Beijing) Investment Management Company Limited (全贏偉業(北京)投資管理有限公司), the general manager of Henan Luohe Quanying Weiye Estate Company Limited (河南漯河全贏偉業置業有限公司) and the deputy general manager, executive deputy general manager and general manager of Henan Pingdingshan Trade Center Development Company Limited (河南平頂山貿易廣場開發有限公司), and was responsible for the project development.

Mr. Chen was the director and architect of the design department of Jiangxi Ganzhou Architecture Design Institute, the director of Ganzhou City Planning and Survey Design Institute, the director of Ganzhou City Planning Bureau, a member of the Management Committee of China Association of City Planning and vice president of the Jiangxi Association of City Planning. Mr. Chen was granted the title of senior engineer in city planning by the professional title reform leading group (職稱改革領導小組) of Jiangxi province in September 1997.

Mr. Chen graduated from Jiangxi Normal University (江西師範大學) with a diploma in arts in February 1977.

Mr. Zhou Zhiyuan (周志元), aged 40, was appointed as a vice president of our Company in December 2012 and primarily responsible for the construction for the Group. Mr. Zhou has nine years of experience in construction management. From December 2010 to December 2012, he served as the general manager of the planning and construction management department of Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司), responsible for the project development, planning and operation and the construction management of the group. During the same period, he concurrently served as the general manager of Taijian Construction Engineering Co., Ltd. (泰建建築工程有限公司) under the group. He also served as the deputy general manager of Liyu Construction Design Company (麗雨建築設計公司) under the group, responsible for decoration, landscape design and management from June 2012 to December 2012. From March 2010 to November 2010, he served as the deputy general manager of Changsha Kaifu Wanda Plaza Investment Company Limited (長沙開福萬達廣場投資有限公司), in charge of the construction work. From July 2007 to February 2010, he successively served as the chief of general housing management center and project general manager of

DIRECTORS AND SENIOR MANAGEMENT

Dongguan Vanke Real Estate Co., Ltd (東莞萬科房地產有限公司), and was responsible for its project development and construction management. From July 2004 to July 2007, he served as the construction manager of Guangdong Century City Group Company Limited (廣東世紀城集團有限公司), in charge of its project development and construction management.

Mr. Zhou received a bachelor of science degree in water conservancy and hydropower engineering construction from Tsinghua University in July 1995.

Mr. Wang Xiangui (王顯貴), aged 56, was appointed as the director of the project development department of our Company in December 2010 and is primarily responsible for the project development of the Group. Mr. Wang has more than 15 years of experience in project development of trade centers. From January 2010 to November 2010, Mr. Wang served as the manager of project development department of Hydoo HK and was responsible for the project development of the company. From August 1995 to November 2010, he was the manager of project development department of Hong Kong Howard Group Company Limited, and was responsible for the project development.

He has been awarded the title of the outstanding entrepreneur with social responsibility of Weifang city in December 2010.

Mr. Ma Yi (馬禕), aged 44, was appointed as the assistant-to-president and director of strategic planning and project operations of our Company in July 2012 and is primarily responsible for the strategic planning and project operations of our Group. Prior to joining our Group, Mr. Ma also acted as the assistant-to-president and director of the commerce department of Diamond Park Creative Design (Shenzhen) Co., Ltd (寶鑽園創意設計(深圳)有限公司). From July 2007 to August 2009, Mr. Ma acted as the marketing director of China South International Industrial Materials City (Shenzhen) Co. Ltd (華南國際工業原料城(深圳)有限公司), a wholly-owned subsidiary of China South City Holdings Limited. Mr. Ma also worked in Guangzhou International Commodity Exhibition & Trade Center Company Limited (廣州國際商品展貿城股份有限公司) and Lionda Holdings (Group) Co., Ltd (a company listed on Shenzhen stock exchange).

Mr. Ma received a bachelor of science degree from Guangxi University of Technology (廣西工學院) in July 1991.

Company Secretary

Ms. Mok, Mun Lan Linda (莫敏蘭), aged 49, was appointed as the company secretary of our Company in March 2013. Ms. Mok has over 15 years of professional experience in the company secretarial field. Ms. Mok was employed by Hongkong Managers & Secretaries Limited since 2007 and currently is their senior manager specializing in provision of corporate services. Ms. Mok started her career at Chan Chee Cheng & Co., certified public accountants, as a senior secretarial officer from March 1991 to September 1997. She rejoined the company as company secretarial manager in April 2005. From August 2001 to September 2004, Ms. Mok served as the company secretarial officer of Lei Shing Hong Limited (a company previously

DIRECTORS AND SENIOR MANAGEMENT

listed on the Stock Exchange). From May 2000 to August 2001, she acted as the company secretary of Maxcorp Holdings Limited. Ms. Mok also worked in the corporate services department of Deacons (formerly known as Deacons Graham & James) as an executive officer from September 1997 to May 2000.

Ms. Mok was awarded a higher certificate in company secretaryship & administration with credit from the Hong Kong Polytechnic University in October 1995 and graduated with a bachelor of laws degree from the University of London in August 2004. She became an associate member of the Institute of Chartered Secretaries and Administrators and an associate member of the Hong Kong Institute of Chartered Secretaries in April 1997.

COMMITTEES UNDER THE BOARD OF DIRECTORS

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Mr. Yuan Bing, our non-executive Director and Mr. Yang Xianzu and Mr. Lam, Chi Yuen Nelson, our independent non-executive Directors. Mr. Lam, Chi Yuen Nelson has been appointed as the chairman of the audit committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Mr. Wong Choihing, our executive Director and Mr. Wang Lianzhou and Mr. Lam, Chi Yuen Nelson, our independent non-executive Directors. Mr. Wang Lianzhou, our independent non-executive Director, has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of two independent non-executive Directors, being Mr. Yang Xianzu and Mr. Wang Lianzhou and one executive Director, being Mr. Wong Choihing. Mr. Yang Xianzu, our independent non-executive Director, has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee are to review the structure, size and composition of the Board and make recommendations to our Board on the appointment and removal of Directors of our Company.

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management of our Company receive compensation in the form of salaries, bonuses, contributions to pension schemes, long-term incentives (including share-based compensation), housing and other allowances and benefits in kind subject to applicable laws, rules and regulations. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations.

The aggregate amount of compensation (including any fees, salaries, allowances, benefit in kind, pension scheme contributions, equity-settled share-based payments and bonus) paid to the Directors for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 were approximately RMB0.6 million, RMB0.5 million, RMB6.6 million, RMB2.9 million and RMB3.6 million, respectively. The aggregate amount of compensation (including salaries, pension scheme contribution, equity-settled share-based payments and bonus) paid to the five highest paid individuals of our Group for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 were approximately RMB1.5 million, RMB2.1 million, RMB6.2 million, RMB2.7 million and RMB2.8 million, respectively.

Under the arrangements currently in force, we estimate the aggregate of the remuneration and benefits in kind payable to the Directors for the year ended December 31, 2013 to be RMB7.4 million.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been made or are payable for the year ended December 31, 2010, 2011 and 2012 or the six months ended June 30, 2012 and 2013 by any member of our Group to any of our Directors.

COMPLIANCE ADVISER

Our Company will appoint Guotai Junan International as our compliance adviser prior to the Listing pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to our Company pursuant to the requirements thereunder. Pursuant to Rule 3A.23 of the Listing Rules, Guotai Junan International will, inter alia, advise our Company with due care and skill on a timely basis when consulted by our Company in the following circumstances:

- before the publication by our Company of any regulatory announcement (whether required by the Listing Rules or requested by the Stock Exchange or otherwise), circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated by our Company including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), the following persons are expected to have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Substantial Shareholder	Capacity/Nature of Interest ⁽¹⁾	Aggregate Number of Shares or underlying shares	Approximate percentage of interest in our Company immediately following the completion of the Capitalization Issue and the Global Offering ⁽²⁾
Most Trend	Beneficial owner	2,070,000,000	51.5%
Mr. Wong Choihing	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Jianli	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Quanguang	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Dewen	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Desheng	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Dekai	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Huang Dehong	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wong Sheungtak	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Top Amuse	Beneficial owner	600,000,000	14.9%
Hony Capital	Interest in controlled corporation ⁽⁴⁾	600,000,000	14.9%
Eminent Ascend	Beneficial owner	300,000,000	7.5%
Mr. Wong Kim	Interest in controlled corporation ⁽⁵⁾	300,000,000	7.5%

Notes:

- (1) All interests stated are long positions.
- (2) The approximate percentage of shareholding in the Shares in issue are calculated on the assumption that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised.
- (3) On March 22, 2013, our Ultimate Controlling Shareholders executed an acting-in-concert declaration whereby, among other things, they confirmed that since January 1, 2010, they have been operating our Group collectively and would through discussions reach consensus among themselves before reaching any commercial decisions on an unanimous basis. Please refer to the section headed “Relationship with our Controlling Shareholders – Our Controlling Shareholders” for further details. As such, our Ultimate Controlling Shareholders together control 51.5% interest in the share capital of our Company through Most Trend.
- (4) Top Amuse is wholly-owned by Hony Capital, hence Hony Capital is deemed to be interested in 600,000,000 Shares held by Top Amuse.
- (5) Eminent Ascend is wholly-owned by Mr. Wong Kim, hence Mr. Wong Kim is deemed to be interested in 300,000,000 Shares held by Eminent Ascend.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our 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.

SHARE CAPITAL

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 immediately following the completion of the Capitalization Issue and the Global Offering.

Authorized share capital

	<u>Total nominal value</u>
	(HK\$)
8,000,000,000 Shares	<u>80,000,000</u>

Issued share capital

Shares	Description of Shares	Total nominal value	Approximate percentage of issued share capital
		(HK\$)	(%)
42,782,325	Shares in issue as at date of this prospectus	427,823	1.07
9,687,500	Shares to be issued upon conversion of the Preferred Shares	96,875	0.24
3,197,274,175	Shares to be issued under the Capitalization Issue	31,972,742	79.57
768,256,000	Offer Shares to be issued under the Global Offering	7,682,560	19.12
<u>4,018,000,000</u>	Total	<u>40,180,000</u>	<u>100.00</u>

ASSUMPTIONS

The above table does not take into account Shares that may be issued and allotted pursuant to the exercise of the Over-allotment Option or options which have been granted under the Pre-IPO Share Option Scheme. Assuming the Over-allotment Option is exercised in full, our Company's share capital immediately after completion of the Capitalization Issue and the Global Offering will increase to 4,133,238,000 Shares. The above table also does not take into account any Shares which may be issued or repurchased under the general mandates given to our Directors to issue or repurchase Shares.

RANKING

The Offer Shares are common shares in the share capital of our Company and will rank equally with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

SHARE CAPITAL

PRE-IPO SHARE OPTION SCHEME

Our Board has ratified and approved the Pre-IPO Share Option Scheme on March 20, 2013. Under the Pre-IPO Share Option Scheme, certain persons were conditionally granted options prior to the Listing Date to subscribe for the Shares. The principal terms of the Pre-IPO Share Option Scheme is summarized in the section headed “Appendix V – Statutory and General Information – D. Pre-IPO Share Option Scheme” in this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on all the conditions set out in the section headed “Structure of the Global Offering – Conditions of the Global Offering” in this prospectus being fulfilled, our Directors have been generally granted a general unconditional mandate to exercise all the powers of the Company to allot, issue and deal with any Shares or securities convertible into Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such power with an aggregate nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised); and
- conditional on the ordinary resolutions of granting general mandate to repurchase shares and extending the general mandate to allot shares being passed, the aggregate 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.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company is required by applicable laws or the Articles of Association to hold our next annual general meeting; or
- it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Particulars of this general mandate to allot, issue and deal with Shares are set out in the paragraph headed “Appendix V – Statutory and General Information – A. Further Information about our Group – 5. Written resolutions signed by all Shareholders of our Company” in this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Conditional upon all the conditions set out in the paragraph headed “Structure of the Global Offering – Conditions of the Global Offering” in the Prospectus being fulfilled, our Directors have been generally granted a general unconditional mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), provided that immediately following any such repurchase, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Appendix V – Statutory and General Information – A. Further Information about our Group – 6. Repurchase by our Company of our own securities” in this prospectus.

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
- it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Particulars of this general mandate to repurchase Shares are set out in the paragraph headed “Appendix V – Statutory and General Information – A. Further Information about our Group – 5. Written resolutions signed by all Shareholders of our Company” in this prospectus.

FINANCIAL INFORMATION

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 and, in each case, the related notes set out in the “Accountant’s Report” included as Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those stated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” in this prospectus.

OVERVIEW

We are a leading developer and operator of large-scale trade centers in China. As of July 31, 2013, we were simultaneously developing eight trade center projects in six provinces and autonomous regions in China, six of which were large-scale trade centers. We ranked second based on our number of large-scale trade centers in China and ranked third based on our aggregate estimated and uncompleted GFA of large-scale trade centers in China as of the same date, according to Savills. As of the same date, we had a total land bank of 7.5 million sq.m. In addition, as of September 30, 2013, we were simultaneously developing ten trade center projects in seven provinces and autonomous regions in China, seven of which were large-scale trade centers. See “Business – Our Trade Center Projects – Recent Development.”

Our business focuses on the development and operation of large-scale trade centers in third-and fourth-tier, and selected second-tier, cities in China. We currently generate substantially all of our turnover through the sales of properties, and we expect to generate an increasing portion of turnover through rental income in the future. We seek to develop each trade center project into the largest integrated commercial complex in the local region for the wholesale and retail sale of a wide range of products including hardware, electric tools, building materials, furniture and home furnishings, home electronics, apparel and small goods. We design our trade centers to seamlessly integrate the wholesale trading market properties with other on-site facilities such as shopping malls, exhibition and conference centers, hotels, residential and office space, warehouses and other logistics facilities.

Our business operations have experienced significant growth during the Track Record Period. We engage in the property development business, and our results of operations are significantly affected by the economic growth and regulatory measures of the real estate industry in China. In addition, as we focus on the development of large-scale trade center projects with an aggregate estimated GFA of more than 400,000 sq.m. and a development cycle of five to ten years, our results of operations are significantly affected by the total GFA and sales prices of properties delivered during any relevant period. In addition, we are also affected by our ability to control construction costs and acquire quality land at acceptable costs, land appreciation tax and cost of financing. See “– Factors Affecting Our Results of Operations.”

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In particular, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our turnover amounted to RMB95.7 million, RMB832.7 million, RMB1,607.1 million, RMB640.3 million and RMB189.8 million, respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our aggregate GFA of properties sold was approximately 17.0 thousand sq.m., 222.0 thousand sq.m., 355.7 thousand sq.m., 161.5 thousand sq.m. and 39.8 thousand sq.m., respectively. During the years ended December 31, 2010, 2011 and 2012, our profit for the year amounted to RMB12.2 million, RMB229.0 million and RMB214.8 million, respectively; and our adjusted profit for the year amounted to RMB12.2 million, RMB210.4 million and RMB507.1 million, respectively.

For the six months ended June 30, 2012 and 2013, our net loss amounted to RMB88.5 million and RMB193.2 million, respectively. Our adjusted profit for the six months ended June 30, 2012 was RMB91.4 million and our adjusted loss for the six months ended June 30, 2013 was RMB144.3 million. The decrease in turnover from the six months ended June 30, 2012 to 2013 and our net loss incurred in the six months ended June 30, 2013 was primarily due to a decrease in volume of property delivered during the six months ended June 30, 2013, reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013. Such fluctuations reflected the general business nature of our development operations. See “Risk Factors – Risks Relating to Our Industry and Our Business – Our operating results are significantly affected by peaks and troughs in our property delivery schedule.” Our sales backlog as of June 30, 2013, which represented the portion of the contract value of property products subject to property sales contracts entered into as of such date the associated revenue of which had not been recognized as of the same date, was RMB5,657.6 million.

During the Track Record Period, we also received significant amounts of government grants in connection with our trade center projects in Ningxiang, Jining, Yulin, Mianyang, Wuzhou and Ganzhou. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the total amount of government grants we received amounted to RMB85.6 million, RMB265.9 million, RMB586.9 million and RMB388.5 million, respectively, of which RMB5.4 million, RMB126.6 million, RMB285.2 million and RMB23.9 million, respectively, have been credited to cost of sales during the same periods. See “– Government Grants.” In addition, our results of operations in 2011 and 2012 were favorably affected by certain tax treatment applicable to our Ningxiang Trade Center which will not be applicable in future periods. See “– Description of Certain Income Statement Line Items – Income Tax Expenses.”

BASIS OF PRESENTATION

Hydoo International Holding Limited, our holding company, was incorporated in the Cayman Islands on October 19, 2010 and became the holding company of the companies comprising our Group as a result of the Reorganization. See “History and Corporate Structure.” All the companies comprising our Group that took part in the Reorganization were ultimately controlled by the Controlling Shareholders during the Track Record Period (or for the period from the date of establishment of any company which was incorporated after January 1, 2010

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to June 30, 2013) and both before and after the Reorganization. Our consolidated financial statements have been prepared in accordance with IFRS. The Reorganization is considered a combination of entities under common control as there is a continuation of risks and benefits to the Controlling Shareholders before and after the Reorganization. As a result, the financial information of our Group has been prepared using the principles of merger accounting, as if the current group structure had been in existence throughout the Track Record Period. The net assets of the companies comprising our Group have been consolidated using the existing book values from the Controlling Shareholders' perspective. All material intra-group transactions and balances have been eliminated on consolidation.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic Growth and Regulatory Measures of the Real Estate Industry in China

Our trade center development business is highly dependent on the conditions of the commercial property market in China, which is in turn significantly affected by the general economic conditions in China as well as the regions in which we operate. Subsequent to the global financial crisis, the PRC government has focused on increasing domestic consumption and has sought to reduce the Chinese economy's reliance on exports. In particular, the Chinese government has adopted policies to shift the urbanization focus from major cities to small- and mid-sized cities and to increase the government support of wholesale trading markets which we believe have significantly increased the volume of domestic trade and commerce activities in China. We believe that our business and operations will benefit from these favorable trends in the industry.

In addition, we are susceptible to the economic conditions in third- and fourth-tier, and selected second-tier, cities in China where we focus on developing our business operations. Unlike the first-tier and some second-tier cities in China, third- and fourth-tier cities have remained relatively underdeveloped over the years and have only recently become the focus of China's national plan to further promote the urbanization process. The general economic conditions in these cities will continue to have a significant impact on, among other things, the availability of land resources, the number of customers, the pricing and sales volume of our property products and the profitability of our business.

Regulation of the Real Estate Industry in China

The real estate industry is heavily regulated in China, and the PRC government actively adjusts its regulation of the property market depending on macroeconomic conditions by regulating land supply, foreign exchange, property pre-sales, land usage, plot ratios, bank financing, interest rates, taxation and subsidies. Historically, various measures have been adopted to regulate and adjust the residential property markets in China. For example, in response to the global financial crisis, the PRC government adopted various economic stimulus measures, such as lowering the lending rates for residential property buyers. In late 2010 and 2011, the PRC government changed its regulatory focus to discourage speculation and control the rapid growth of the PRC property market. In 2012 and 2013, further rules and regulations

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were introduced to further stabilize property prices in China. See “Regulatory Overview – Measures on Stabilizing Property Prices.” The PRC national and local governments have broad power to regulate the commercial property market, although historically the regulatory efforts were more focused on the residential property market. As a result, the performance of the overall property market, in particular the commercial property market where we focus our operations, will continue to be affected by the PRC Government’s policies and regulations.

GFA and Sales Prices of our Properties

Our turnover depends significantly on the GFA and average sales prices of our properties, which are in turn affected by various factors, including the location of our projects, the type of constituent buildings being sold and delivered, the expected occupancy level of our wholesale trading markets, the timing of our property development activities, the design and construction features of these properties, as well as the competitive position of our Company and our trade center project in the local market.

Like other property developers, our results of operations may vary significantly from period to period. In addition, given that we primarily engage in the development of large-scale trade center projects, typically with a total GFA of more than 400,000 sq.m., such fluctuation may be even more significant compared to other property developers focusing on a larger number of projects but each with a smaller scale. For example, we started to generate revenue from the sales of trade center property in 2011, and our turnover in 2010 was primarily derived from the sales of commercial and residential units at Shui’an Xintian, a residential complex in Ganzhou, Jiangxi province. The significant increase in turnover from 2011 to 2012 primarily reflected a change in product mix as well as a general increase in our operational scale. The significant decrease in turnover from RMB640.3 million in the six months ended June 30, 2012 to RMB189.8 million in the six months ended June 30, 2013 was due to a decrease in volume of property products delivered during such six-month period, primarily reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013. Given the differences in the types of properties sold and delivered, timing differences of various projects and other factors, our results of operations have fluctuated in the past and are likely to continue to significantly fluctuate in the future. Our historical results may not be indicative of future periods. See “Risk Factors – Risks Relating to Our Industry and Our Business – Our operating results are significantly affected by peaks and troughs in our property delivery schedule.”

Our sales prices are also affected by the general conditions of the local property market, including general demand for properties as well as the sales prices of comparable or similar properties. For example, the average sales price of our wholesale trading market units sold at our Ningxiang Trade Center was RMB3,786 per square meter in 2012, compared to RMB4,108 per square meter at our Jining Trade Center and RMB4,828 per square meter at our Yulin Trade Center, due mainly to the differences in the general conditions of the local commercial property markets. As we focus on the development of trade center projects, a development process that typically takes several years to complete, the timing of our property sales, as well as GFA available for sale and sales prices will also depend on the progress of the project development.

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Delays in construction, regulatory approvals and other processes can adversely affect the timetable of our projects. In addition, product mix in any given period may also be affected by the combination of constituent buildings across various development projects that we complete and deliver, depending on the progress made at our development projects during such period. In the past, we have been focused on developing trade center properties for sale. As we intend to retain an increasing proportion of property units for lease in later stages of our development process, our future turnover may also be affected by our property leases, such as the average leasing price and GFA of properties we designate for leasing.

Ability to Control Construction Costs

Our results are affected by our ability to control construction costs, which constitute a material component of our cost of sales. We generally engage external construction contractors for our project developments and our construction contracts with contractors generally provide for certain designated construction materials, including steel and concrete, to be purchased by our constructors. We also engage other contractors that provide various construction-related services, such as installation of air-conditioning units and elevators, interior decoration, and landscaping and gardening services, according to the requirements of each specific project. See “Business – Our Development Process – Project Construction.” Construction costs encompass all costs for the design and construction of a project and consist primarily of fees paid to our construction contractors, which vary based on various factors including geology and construction feature of the land site, type and size of the development, building design and construction materials. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we recorded construction costs of RMB19.2 million, RMB353.0 million, RMB829.6 million and RMB93.2 million, representing 20.1%, 42.4%, 51.6% and 49.1% of our turnover in the respective periods.

Under our standard construction contracts, key building construction materials, such as steel and concrete, are generally procured by the construction contractors we engage and we typically designate the brands and quality requirements of these key construction materials as part of our construction agreement. The risk of price fluctuation for these materials is generally borne by these construction companies so long as the increase is less than 5% of the stated contract price. In the event the increase exceeds 5%, we are responsible for paying the increase in price above 5% of the stated contract price. Furthermore, prolonged increases in the price of construction materials may prompt contractors to change their fee quotes for new contracts, thus increasing our cost of sales and overall project cost. As a result, our profitability and results are dependent on our ability to effectively pass on any increase in land and construction costs to our customers through our pricing mechanism. At the headquarters level, we negotiate and arrange the purchase of certain large equipment, such as elevators, escalators and air-conditioning systems.

Ability to Acquire Quality Land at Acceptable Costs

Our continued growth depends in large part on our ability to acquire quality land at prices that can yield reasonable returns. We focus on third- and fourth-tier, and selected second-tier, cities in China, and based on our current development plan, as of July 31, 2013, we have

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sufficient land reserves for the development of projects for the next six years. However, to support the continuing long-term growth of our business, we need to continue to look for suitable sites for future development projects. As the Chinese economy continues to grow and demand for trade center products continues to increase, especially in the regions where we focus our business operations as a result of the favorable government policies to promote urbanization in these regions, we expect competition among developers for land reserves suitable for trade center projects to intensify. The public tender, auction and listing-for-sale practices for granting state-owned land-use rights also increases competition for land development and land acquisition costs in third-and fourth-tier cities in China. We expect that land premiums will continue to rise in China in the foreseeable future. In addition, as the competition for quality land resources becomes more intense in small-and mid-sized cities, we face greater pressure in negotiating for and obtaining favorable governmental support in regions where we operate. See “Risk Factors – Risks Relating to Our Industry and Our Business – We may not be able to obtain sites that are suitable for trade center development projects at commercially acceptable prices, or at all.”

Our results of operations are significantly affected by land acquisition costs, which constitute a major component of our cost of sales. As such, our results of operations are also dependent on our ability to control land acquisition costs for our future development projects. During the Track Record Period, we recorded cost of sales relating to land acquisition of RMB3.5 million, RMB170.9 million, RMB276.2 million and RMB26.2 million in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, representing 3.7%, 20.5%, 17.2% and 13.8% of our turnover in the respective periods.

Land Appreciation Tax

We generally acquire land-use rights directly from the local governments. Our property developments are subject to land appreciation tax, or LAT, with respect to the appreciated value of the land. LAT applies to both domestic and foreign investors in real estate developments in China, and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. In addition, some of our subsidiaries were subject to LAT which were calculated based on 1.5% to 8% of their revenue in accordance with the authorized tax valuation method approved by local tax authorities. We recorded LAT expenses of RMB4.2 million, RMB45.5 million, RMB60.9 million and RMB11.3 million in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Provisions for LAT are made upon recognition of revenue. As a result, our results are susceptible to any significant increase in LAT expenses, which depends on the level of appreciation in land value as well as the amount of deductible costs and expenses, such as capitalized borrowing costs and applicable property development costs. As of the Latest Practicable Date, we had made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities. However, we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Our financial condition and results of operations may be materially adversely affected if our LAT as calculated by the relevant tax authorities are substantially higher than our provisions.

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Access to Capital and Cost of Financing

Bank and other borrowings are important sources of funding for our property developments. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding bank loans and other borrowings amounted to RMB30.0 million, RMB103.0 million, RMB749.0 million and RMB796.9 million, respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our aggregate interest paid on bank loans and other borrowings (before capitalization of interests into properties under development) were RMB3.2 million, RMB5.3 million, RMB61.9 million and RMB74.7 million, respectively. As commercial banks in China link the interest rates on their loans to PBOC benchmark interest rates, any increase in such benchmark interest rates will increase our finance costs. For further information, please refer to “Risk Factors – Risks Relating to Our Industry and Our Business – Our financing costs may be affected by changes in interest rates in China and elsewhere in the world.” While we also had other borrowings, such as borrowings made from domestic trust companies in China, such lenders do not usually link their interest rates to the PBOC benchmark interest rates and typically charge rates that are higher than those charged by commercial banks in China. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government and by financial institutions on bank lending for property development. Additionally, a general increase in the demand for loans in China or in regions where we operate may increase applicable interest rates, resulting in additional interest costs for us.

GOVERNMENT GRANTS

During the Track Record Period, we received significant amounts of government grants in connection with our trade center projects in Ningxiang, Jinling, Yulin, Mianyang, Wuzhou and Ganzhou. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the total amount of government grants we received amounted to RMB85.6 million, RMB265.9 million, RMB586.9 million and RMB388.5 million, respectively, of which RMB5.4 million, RMB126.6 million, RMB285.2 million and RMB23.9 million have been credited to cost of sales during the same periods.

It is a common practice for local governments to provide monetary support, in the form of government subsidies or otherwise, to trade center developers in China. In particular, in providing grants to our projects, we believe that local governments generally consider, among other things, the scale of the proposed trade center projects, the potential benefits that the proposed trade center will bring to the local economies and the management team’s experience in developing trade center projects that could benefit the local economies. Such proposed projects are typically considered by the regulatory authorities to have the effect of increasing consumption levels, promoting local commerce, upgrading city scale and infrastructure, providing job opportunities, increasing tax revenue and creating sustainable economic growth in the local area. See “Industry Overview – Trade Center Market in China – Regulatory Policy and Industry Trends.” As a result, we receive grants from local government from time to time in connection with our trade center development projects.

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We believe that the government grants were generated from our ordinary and usual course of business for the following reasons:

- ***Regulatory background under which the grants were received.*** According to Savills, it is a common practice in China for local governments to provide monetary support, in the form of government subsidies or otherwise, to trade center developers in China. Various trade center projects and developers in the PRC have received government grants. Such government grants are provided by local governments as they exercise their spending power as part of their administrative authority to further the industry objectives set out in the Twelfth Five-Year Plan. These objectives include promoting the urbanization of small-and mid-sized cities and the promotion of integrated wholesale trading markets and large-scale trade and logistics enterprises. In particular, the local governments are authorized to exercise the spending power and provide government grants based on the Budget Law of the PRC and its implementing rules. As a result, government grants were provided based on the regulatory policy of promoting the trade center development business which constitutes our core operation in our ordinary and usual course of business.
- ***Government grants linked to specific projects.*** Government grants were provided specifically to individual projects. In particular, during the Track Record Period, substantially all of the government grants that were credited to cost of sales or were recorded as deferred income were linked to our trade center projects.
- ***Recurring grants in diverse regions.*** We have an established track record of receiving government grants in connection with our trade center projects in diverse regions in China, spanning from Jining in eastern China, to Ningxiang and Ganzhou in central China and Mianyang, Yulin and Wuzhou in south and southwestern China. Rather than as a one-off event incidental to our operations, the government grants are recurring events closely linked to our core property development business in substantially all the geographic regions in which we currently operate.
- ***Management's involvement in negotiations for the government grants.*** As a part of our project assessment process, our management team conducts in-depth reviews of proposed trade center projects. In particular, in assessing the feasibility of a development project, our management takes into consideration all relevant factors to determine whether the proposed project may yield a satisfactory level of profits and cash flows within the proposed development period. As part of such analysis, the availability, amount and timing of the government grant is one of the key factors affecting whether we commit to a particular project. Our management determines at this stage whether the government grant is a precondition for us to commit to the proposed project, and may commence detailed discussions with the local authorities to negotiate for the arrangement of the grant. As a result, our management team plays a key role and has significant involvement in concluding the necessity, timing and amount of the government grants.
- ***Application of grant proceeds in our core business.*** The proceeds of government grants are generally applied to finance our capital expenditures and working capital needs. The proceeds are applied to our core operating activities in our ordinary and usual course of business.

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We generally do not commit to a project if the government grant to be provided by the local authorities has significant or unusual on-going obligations and conditions to be assumed or fulfilled by us, such as any condition that we expect to have a reasonable level of uncertainty or difficulty in achieving. Given that government grants are generally provided to subsidize the development projects we undertake, we believe that our primary obligation in connection with the government grant is to develop the project based on the schedule approved by and the requirements set forth by the local authority. In particular, such obligations and conditions include, among other things, (i) completing the construction plan of the project and related facilities on a timely basis, (ii) commencing, progressing and completing the construction work based on the schedule filed with the local authorities from time to time, and (iii) commencing and completing the pre-sale of properties and delivering the relevant property to purchasers. During the Track Record Period, government grants were paid by installments based on the progress made in regard to our development projects. In particular, based on our past dealing experience with local governments, the payments were generally made at the local governments' discretion after taking into consideration our progress in meeting the obligations and conditions, including key development stages such as project planning, construction work, pre-sale and property delivery. During the Track Record Period and up to the Latest Practicable Date, (i) we did not experience any material delay in receiving, or any decrease in the amount of, the government grants from the local governments for our development projects, (ii) we have satisfied all material obligations and conditions relating to the government grants received, and (iii) we did not experience any recourse or reclamation of the government grants received during the Track Record Period and up to the Latest Practicable Date. We believe that the government grants received were not subject to any recourse or reclamation by the local governments.

The amount of government grants awarded is generally determined through our negotiation with the local government and varies significantly among our development projects. In particular, factors affecting the amount of government grants include, among other things, the size and location of the proposed project, the local economic and property market conditions, the level of difficulty with regard to the infrastructure planning and construction work, the liquidity position of, and financial resources available to, local governments, the level of necessity and urgency of the local government in offering the development projects to promote local commerce as well as the local government's recognition of our value propositions associated with our proposed development project.

The government grants recorded during the Track Record Period were provided solely in connection with our property projects and were not associated with the Excluded Howard Projects. We expect to receive government grants for the Xingning Trade Center and Heze Trade Center in 2013. In addition, as of July 31, 2013, we have entered into master investment agreements for additional properties planned for future development in Lanzhou, Gansu province and Yantai, Shandong province and expect to receive government grants for these projects as we progress with the development process.

Government grants have historically contributed significantly to our profitability, reflected in lower cost of sales and resulting in higher gross profit margins yielded by our trade center projects, particularly those in Ningxiang, Jining and Yulin. The amounts of the grants

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also contributed to the significant fluctuation of our gross profit margins during the Track Record Period. See “– Description of Certain Income Statement Line Items – Cost of Sales – Government grants” for a discussion of the financial contribution of the government grants to our results of operations. The grants also enhanced our liquidity position, reflected in the increase in cash balances and cash equivalents and current liabilities after the receipt of grants. In particular, such cash received is generally applied to finance our capital expenditures and working capital needs, and therefore reduced the amount of cash that would otherwise be necessary to finance such expenditures. See “– Certain Statements of Financial Position Items – Deferred Income” for a discussion of the financial contribution of the government grants to our liquidity and financial condition.

We believe that we are able to effectively control the risks and uncertainties associated with government grants. In particular:

- *Project assessment.* As part of our project assessment process, we conduct in-depth reviews of proposed trade center projects. In assessing the feasibility of a development project, we take into consideration all relevant factors to determine whether the proposed project can yield a satisfactory level of profits and cash flows within the proposed development period. As part of such analysis, the availability, amount and timing of the government grant is one of the key factors affecting whether we commit to a particular project. We may determine at this stage whether the government grant is a precondition for us to commit to the proposed project. Although we have received government grants for all of our trade center projects generating revenue during the Track Record Period, we may take on projects without government grants should we become satisfied with the expected profits and cash flows that are expected to be derived from such projects.
- *Negotiation for the government grant.* After we reach our view that the government grant is a precondition for our commitment to develop a trade center project and we are further satisfied with the prospects of receiving the government grant, we commence negotiations with the local authorities to settle the detailed arrangements related to the grant. It is our general practice not to commit to a project if the government grant to be provided by local authorities has significant or unusual on-going obligations and/or conditions, such as any condition that we expect to have a reasonable level of uncertainty or difficulty in achieving.
- *Flexibility in adjusting capital expenditure budget.* In line with the general practice in the real estate industry, it is our policy to maintain a flexible long-term capital expenditure budget based on the financial and managerial resources available to us.
- *Planning stage.* In considering and planning for a potential trade center project, the availability and amount of the government grant is systematically factored into the overall budget plan of the said trade center, which is further reflected in the planning, design and construction of the said project, which in turn will be reflected in, but not limited to, the location of the project, project positioning, functions,

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composition, decoration, interior design and building materials of constituent buildings and on-site services. In the event that no government grant is provided for a business opportunity presented to us, we will only agree to commit to such opportunity based on the condition that we are satisfied with the expected level of profits and yield utilizing our currently available financial resources. In such case, we will prepare the capital expenditure budget for such project taking into account the fact that no government grant will be provided.

- *Execution stage.* There is a relatively extended period of time required to complete a trade center project, typically ranging from 5-10 years. Thus we have a certain degree of flexibility in adjusting our long-term development plan and capital expenditure budget to respond to our business and financial condition, such as any change in amounts of expected government grants, on an on-going basis. For example, we may adjust the capital expenditures in respect of land acquisition and design/construction features of constituent buildings that have not been built based on our then available capital resources.

As a result, we believe that we are generally able to manage the risks and uncertainties in relation to government grants and are not subject to the financial risks solely in relation to the unavailability of or delay in obtaining government grants after we commit to a trade center project. While we do not anticipate that the availability of government grants will be an obstacle in operating a profitable business and expanding our operations, there nonetheless exist certain degree of risks and uncertainty as to the receipt of such grants. See “Risk Factors – Risks Relating to Our Industry and Our Business – The unavailability of any favorable regulatory treatment, including governmental grants and preferential tax treatments, in future periods for our projects could materially and adversely affect our business, financial condition and results of operations.”

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

We prepare our consolidated financial statements in accordance with IFRS, which requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities at the end of each fiscal period, and (ii) the reported amounts of income and expenses during each fiscal period. These judgments, estimates and assumptions require subjective or complex judgments by our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Certain accounting judgments, estimates and assumptions are particularly critical, reflecting their significance to our consolidated financial statements. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of our current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources.

Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application. When reviewing

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our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimation in the preparation of our consolidated financial statements.

Impairment of Inventories

Our land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on our recent experience and the nature of the subject property, we make estimates of the sales price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, we may make a provision for completed properties held for sale, properties held for future development and properties under development for sale. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the relevant period. Any increase or decrease in the provision would affect profit or loss in future years.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the relevant period. 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 the Directors. Any change in such assumptions and judgments would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

Provision for PRC LAT

We have estimated, made and included in tax provision an estimate of LAT liabilities according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of this provision, as the calculation depends on the ultimate tax determination. Given the

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uncertainties of the calculation basis of LAT as interpreted by the local tax bureaus, the actual outcomes may be higher or lower than those estimated at the end of the relevant period. Any increase or decrease in the actual outcomes or estimates will impact the income tax provision in the period in which such determination is made.

Recognition and Allocation of Construction Costs on Properties under Development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sales of the properties, these costs are accrued based on management's best estimates.

Fair Value of Non-derivative Financial Instruments

Fair value of non-derivative financial instruments carried at amortized costs, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

DESCRIPTION OF CERTAIN INCOME STATEMENT LINE ITEMS

We engage in the trade center development and operation business. Our first operating subsidiary to engage in such core business, the project company of our Ningxiang Trade Center, was incorporated in 2009. We commenced trade center development business in 2010 when we first acquired the land-use rights for the Ningxiang Trade Center. The project company of our Jining Trade Center was incorporated in early 2010. However, in connection with the Family Allocation, we conducted a series of restructuring transactions for purposes of establishing an offshore holding structure of our Group in compliance with PRC laws and regulations. As a result of these transactions, we trace our history back to 2002 when Hydoo Estate (Ganzhou) was incorporated and it was primarily engaged in the development of Shui'an Xintian and Haode Yinzuo, two property development projects in Ganzhou, Jiangxi province in China. See "History and Corporate Structure – Our History and Development" and "Business – Other Properties."

We began to generate revenue from sales of properties at our trade center projects in 2011. Prior to that time, in 2010, our revenue was primarily derived from the sales of commercial and residential units at Shui'an Xintian. Our operational scale was relatively small in 2010, reflected in our turnover of RMB95.7 million for 2010, compared to RMB832.7 million in 2011 and RMB1,607.1 million in 2012. Due to the early stage of our business operations, differences in product mix and projects, as well as limited operational scale, our results of operations in 2010 are not directly comparable to our results in other periods. In addition, the significant decrease in turnover from RMB640.3 million in the six months ended June 30, 2012 to RMB189.8 million in the six months ended June 30, 2013 was due to a decrease in volume of property products delivered during the six months ended June 30, 2013, primarily reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013. See "Risk Factors – Risks Relating to Our Industry and Our Business – Our operating results are significantly affected by peaks and troughs in our property delivery schedule." In addition, there is also no assurance that we will continue to experience the rate of growth that we experienced from 2010 to 2012.

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Turnover

During the Track Record Period, we derived substantially all our turnover from sales of properties. We also recorded certain turnover from the provision of property management services and property leasing. Our turnover represents income net of business tax and other sales-related taxes and after deduction of any discounts offered to our customers. The following table sets forth the components of our turnover by source and such components as a percentage of our total turnover for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
	(unaudited)									
	In thousands of RMB, except for percentages									
Sales of properties	95,370	99.6%	832,627	100.0%	1,605,907	99.9%	639,681	99.9%	187,220	98.7%
Property management services	—	—	56	0.0%	847	0.1%	424	0.1%	2,377	1.2%
Rental income	345	0.4%	—	—	360	—	170	—	167	0.1%
Total	95,715	100.0%	832,683	100.0%	1,607,114	100.0%	640,275	100.0%	189,764	100.0%

For property sales, revenue is recognized when significant risks and rewards of property ownership have been transferred to our customers. We consider that the significant risks and rewards of ownership of our properties sold are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers. As we derive substantially all our turnover from sales of properties, our results of operations for a given period are dependent upon the total GFA and average sales price of properties we delivered during such period. The table below sets forth, for the periods indicated, the GFA, average sales price and turnover by project and by type of property products sold.

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For the year ended December 31,							For the six months ended June 30,							
2010		2011			2012		2012		2013		2013			
GFA	Average sales price	Turnover	GFA	Average sales price	Turnover	GFA	Average sales price	Turnover	GFA	Average sales price	Turnover	GFA	Average sales price	Turnover
GFA in sq.m., average sales price in RMB per sq.m. and turnover in thousands of RMB														
Ningxiang Trade Center														
Wholesale trading market units	—	—	204,140	3,706	756,580	44,833	3,786	169,757	5,358	3,972	21,279	4,980	4,158	20,711
Freight forwarding market units	—	—	10,294	3,234	33,295	—	—	—	—	—	—	—	—	—
Subtotal	N/A	—	214,434	N/A	789,875	44,833	N/A	169,757	5,358	N/A	21,279	4,980	N/A	20,711
Jining Trade Center														
Wholesale trading market units	—	—	—	—	—	198,447	4,108	815,246	155,706	3,959	616,462	12,858	3,943	50,695
Shopping mall	—	—	—	—	—	12,471	6,243	77,855	—	—	—	3,038	6,538	19,864
Subtotal	N/A	—	—	N/A	—	210,918	N/A	893,101	155,706	N/A	616,462	15,896	N/A	70,559
Yulin Trade Center														
Wholesale trading market units	—	—	—	—	—	62,457	4,828	301,567	—	—	—	17,889	4,975	88,994
Subtotal	N/A	—	—	N/A	—	62,457	N/A	301,567	—	N/A	—	17,889	N/A	88,994
Other Properties														
Shui'an Xintian	17,038	5,597	95,370	7,605	5,622	42,752	535	3,908	2,091	447	4,336	1,940	—	—
Haode Yinzuo	—	—	—	—	—	—	36,998	6,470	239,391	—	—	—	1,051	6,620
Subtotal	17,038	N/A	95,370	7,605	N/A	42,752	37,533	N/A	241,482	447	N/A	1,940	1,051	N/A
Total	17,038	N/A	95,370	222,039	N/A	832,627	355,741	N/A	1,605,907	161,511	N/A	639,681	39,816	N/A

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Like other property developers, our results of operations may vary significantly from period to period. For example, our turnover for the year ended December 31, 2010 was primarily derived from the sales of commercial and residential units at Shui'an Xintian, a residential project in Ganzhou, Jiangxi province. Our turnover for the year ended December 31, 2011 was primarily derived from the sales of wholesale trading market units and freight-forwarding market units at our Ningxiang Trade Center. Our turnover for the year ended December 31, 2012 was primarily derived from the sales of wholesale trading market units at our Jining Trade Center, Yulin Trade Center and Ningxiang Trade Center, and to a lesser extent, from the sales of office space and residential units at Haode Yinzuo, a residential, commercial and office project in Ganzhou. Our turnover for the six months ended June 30, 2013 was primarily derived from sales of wholesale trading market units at our Yulin Trade Center, Jining Trade Center and Ningxiang Trade Center and shopping mall space at our Jining Trade Center.

Cost of Sales

Cost of sales primarily consists of the costs of properties sold, which includes construction costs, land acquisition costs and capitalized borrowing costs. Our cost of properties sold is presented after the deduction of government grants. The following table sets forth the components of our cost of sales and such components as a percentage of our total cost of sales during the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
	(unaudited)									
	(In thousands of RMB, except for percentages)									
Cost of properties sold										
Construction costs	19,190	104.7%	352,986	88.5%	829,557	99.8%	341,879	100.2%	93,205	96.4%
Land acquisition costs	3,511	19.1%	170,949	42.8%	276,170	33.2%	139,517	40.9%	26,199	27.1%
Capitalized borrowing costs	856	4.7%	1,311	0.3%	8,700	1.1%	1,053	0.3%	370	0.4%
Deduction: government grant	(5,408)	(29.5%)	(126,592)	(31.7%)	(285,162)	(34.3%)	(141,902)	(41.6%)	(23,857)	(24.7%)
Subtotal . . .	18,149	99.0%	398,654	99.9%	829,265	99.8%	340,547	99.8%	95,917	99.2%
Other costs . .	188	1.0%	206	0.1%	1,578	0.2%	660	0.2%	815	0.8%
Total	18,337	100.0%	398,860	100.0%	830,843	100.0%	341,207	100.0%	96,732	100.0%

- *Construction costs.* These represent costs for the design and construction of a property project and consist primarily of fees paid to our construction contractors, including those responsible for civil engineering, construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs and design costs. Our construction costs are affected by a number of factors such as the cost of construction materials, the location and type of properties being

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constructed, the decoration type and the style and costs of ancillary facilities. Substantially all of the costs of construction materials, whether procured by our construction contractors or by ourselves, are accounted for as part of the construction costs. During the Track Record Period, our construction costs generally fluctuated in line with the changes in total GFA of the properties sold. The continued increase from 2010 to 2012 reflected our growing operating scale.

- *Land acquisition costs.* These represent costs relating to the acquisition of the rights to occupy, use and develop land, including land grant fees, demolition and resettlement costs, and other land-related taxes and charges. The land acquisition costs are recognized as part of cost of properties sold upon the completion and delivery of the relevant properties. These costs for a project are affected by a number of factors, including the location of the underlying property, the terms of zoning and land use, charges as required by PRC laws and regulations and market conditions. From 2010 to 2012, the increase in land acquisition costs primarily reflected our increase in payment for the acquisition of land-use rights during the same period to support the growth of our business.
- *Capitalized borrowing costs.* We capitalize a portion of our borrowing costs to the extent that such costs are directly attributable to the development of a particular project. Such capitalized borrowing costs are included as part of the cost of properties sold for the relevant property when revenue for the sales of such property is recognized. Costs that are not directly attributable to the development of a project are expensed and recorded as finance costs. The increase of capitalized borrowing costs from 2011 to 2012 primarily reflected the increase in our balance of bank loans and other borrowings incurred to finance our construction work and other development efforts.
- *Government grants.* Government grants provided to compensate our cost of inventories are initially recognized as deferred income on our statement of financial position and subsequently deducted from the cost of sales when the properties are sold. The following table sets forth major components of our government grants recorded as cost of sales by project during the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2010	2011	2012		2012	2013		
	(unaudited)							
	In thousands of RMB, except for percentages							
Shui'an								
Xintian . .	5,408	100.0%	–	–	–	–	–	–
Ningxiang								
Trade								
Center . .	–	–	126,592	100.0%	70,571	24.7%	5,589	3.9%
Jining Trade								
Center . .	–	–	–	–	198,171	69.5%	136,313	96.1%
Yulin Trade								
Center . .	–	–	–	–	16,420	5.8%	–	–
Total . . .	5,408	100.0%	126,592	100.0%	285,162	100.0%	141,902	100.0%

The increase of government grants credited to cost of sales from 2010 to 2012 was generally in line with our increase of operational scale, reflecting, among other things, the increases in property sales and turnover, our land acquisition costs and

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balances of land resources, as well as our land bank. The decrease in government grants credited to cost of sales for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 was primarily due to a decrease in GFA delivered during the same periods.

- *Other costs of sales.* These include our cost of sales incurred in connection with our property management services and property leasing. In particular, these services include security, cleaning and maintenance services as well as other services commonly associated with these types of businesses.

Gross Profit and Gross Profit Margin

Our gross profit for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 was RMB77.4 million, RMB433.8 million, RMB776.3 million, RMB299.1 million and RMB93.0 million, respectively. Our gross profit margin for the same periods was 80.8%, 52.1%, 48.3%, 46.7% and 49.0%, respectively. In general, the fluctuation in our gross profit margin reflects the change in the mix of projects delivered during the respective periods. The gross margin of an individual trade center project primarily reflects the condition of the real estate market in the local area where the project is located, and therefore the gross margins of property projects in different geographic regions are not directly comparable. The decrease in our gross profit margin from 2010 to 2011 was primarily due to the lower gross profit margin of 50.7% from the sales of wholesale trading market units at the Ningxiang Trade Center in 2011, compared to 81.0% from the sales of commercial and residential units at Shui'an Xintian in 2010. The decrease reflected the different nature of properties sold in the respective periods. The decrease in our gross profit margin from 2011 to 2012 was primarily due to lower gross profit margins of 46.3% at the Jining Trade Center and 48.5% at the Yulin Trade Center in 2012, compared to 50.7% at the Ningxiang Trade Center in 2011, despite the fact that the gross profit margin for the Ningxiang Trade Center increased to 64.9% in 2012. The increase in the gross profit margins yielded at the Ningxiang Trade Center from 2011 to 2012 reflected an increase in the amount of government grants received in connection with the project that was credited to cost of sales during the same periods. The slight increase in our gross profit margin for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 was primarily due to a lower proportion of revenue being generated from the Jining Trade Center in the six months ended June 30, 2013 which yielded a relatively lower gross profit margin of 46.7% compared to that of the Yulin Trade Center (49.0%) and the Ningxiang Trade Center (55.8%). The amount of government grants credited to cost of sales also contributed to the fluctuation of gross profit margins during the Track Record Period. See “– Description of Certain Income Statement Line Items – Cost of Sales – Government grants.”

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The following table sets forth our gross profits and gross profit margins by project during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	In thousands of RMB, except percentages				
Ningxiang Trade Center					
Turnover	—	789,875	169,757	21,279	20,711
Cost of properties sold . . .	—	(389,202)	(59,579)	(9,914)	(9,149)
Gross profit	—	400,673	110,178	11,365	11,562
Gross profit margin	N/A	50.7%	64.9%	53.4%	55.8%
Jining Trade Center					
Turnover	—	—	893,101	616,462	70,559
Cost of properties sold . . .	—	—	(480,014)	(330,104)	(37,604)
Gross profit	—	—	413,087	286,358	32,955
Gross profit margin	N/A	N/A	46.3%	46.5%	46.7%
Yulin Trade Center					
Turnover	—	—	301,567	—	88,994
Cost of properties sold . . .	—	—	(155,264)	—	(45,343)
Gross profit	—	—	146,303	—	43,651
Gross profit margin	N/A	N/A	48.5%	N/A	49.0%
Other Properties (Shui'an Xintian and Haode Yinzuo)					
Turnover	95,370	42,752	241,482	1,940	6,956
Cost of properties sold . . .	(18,149)	(9,452)	(134,408)	(529)	(3,821)
Gross profit	77,221	33,300	107,074	1,411	3,135
Gross profit margin	81.0%	77.9%	44.3%	72.7%	45.1%

FINANCIAL INFORMATION

Other Revenue and Other Net Loss

Our other revenue primarily consists of write-off of other payables. Our other net loss primarily represents loss on disposal of property, plant and equipment, primarily vehicles and office equipment.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertisement and promotional expenses (including expenses incurred in connection with sales and promotional activities, advertising and sponsoring or organizing sales events, conferences and forums), sales commission and expenses, sales and marketing staff compensation and other expenses relating to sales of our properties. The following table sets forth the components of our selling and distribution expenses and such components as a percentage of our total selling and distribution expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
										(unaudited)
										In thousands of RMB, except percentages
Selling and distribution expenses										
Advertisement expenses . . .	6,430	32.1%	31,727	60.0%	32,299	51.9%	16,185	51.6%	14,897	33.7%
Sales commission	5,801	28.9%	6,393	12.1%	602	1.0%	—	—	—	—
Staff compensation	2,379	11.9%	6,930	13.1%	10,889	17.5%	3,310	10.5%	14,773	33.4%
Promotional expenses	3,924	19.6%	4,904	9.3%	8,257	13.3%	8,252	26.2%	9,391	21.2%
Administrative expenses . . .	916	4.6%	2,635	5.0%	6,002	9.6%	2,845	9.0%	3,893	8.8%
Other expenses	610	2.9%	322	0.5%	4,171	6.7%	847	2.7%	1,290	2.9%
Total	20,060	100.0%	52,911	100.0%	62,220	100.0%	31,439	100.0%	44,244	100.0%

Our selling and distribution expenses increased from 2010 to 2012 and during the six months ended June 30, 2012 and 2013, generally in line with our increase in operational scale and property sales during the same periods. Our sales commission expenses as a percentage of total selling and distribution expenses decreased significantly in 2012 and the six months ended June 30, 2013, primarily due to the fact that we relied on our in-house sales team for property sales in 2012 and the six months ended June 30, 2013 while we engaged external property brokerage firms to assist in property sales in 2010 and 2011. The employment of our in-house sales team in 2012 has contributed to the increase in staff compensation as a percentage of total selling and distribution expenses during the period. Our selling and distribution expenses are affected by the schedule and timing of our property sales. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, selling and distribution expenses represented 21.0%, 6.4%, 3.9%, 4.9% and 23.3%, respectively, of our total turnover. The general decreasing trend of our selling and distribution expenses as a percentage of our total turnover from 2010 to 2012 reflected the increase in our operational scale and efficiency. The increase in the six months ended June 30, 2013 reflected the expenses associated with the significant preparation work for the pre-sale of properties at trade center projects in Ganzhou and Mianyang.

FINANCIAL INFORMATION

Administrative Expenses

Administrative expenses primarily consist of administrative staff-related expenses, office expenses, travelling, boarding and meeting expenses, share-based compensation expenses, professional service fees and depreciation and amortization. Staff-related expenses consist primarily of salaries and employee benefit expenses for our management, administrative, finance and accounting staff. We incur office expenses for office maintenance and functions in connection with our general operations. Travelling, boarding and meeting expenses are comprised of expenses incurred for business travel by our management and other personnel as well as business development expenses. All share-based compensation expenses relate to our Pre-IPO Share Option Scheme. See “Appendix V – Statutory and General Information – D. Pre-IPO Share Option Scheme” Professional service fees include accounting, legal and valuation fees paid to third-party professional firms for services rendered. Depreciation and amortization relate primarily to facilities used for our general operations.

The following table sets forth the components of our administrative expenses and such components as a percentage of our total administrative expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
	(unaudited)									
	In thousands of RMB, except percentages									
Administrative expenses										
Staff-related expenses . . .	6,692	24.3%	20,238	26.8%	66,080	35.2%	23,658	32.1%	59,837	43.2%
Office expenses	7,734	28.1%	21,458	28.4%	34,798	18.5%	15,017	20.4%	17,382	12.6%
Travelling, boarding and meeting expenses	7,916	28.8%	18,559	24.5%	34,526	18.4%	13,374	18.1%	14,441	10.4%
Share-based compensation .	–	–	459	0.6%	6,109	3.3%	2,754	3.7%	3,050	2.2%
Professional service fees . .	2,485	9.0%	5,199	6.9%	14,223	7.6%	3,072	4.2%	16,567	12.0%
Depreciation and amortization	903	3.3%	3,141	4.2%	7,348	3.9%	2,963	4.0%	5,885	4.3%
Other expenses	1,785	6.5%	6,564	8.6%	24,638	13.1%	12,904	17.5%	21,255	15.3%
Total	27,515	100.0%	75,618	100.0%	187,722	100.0%	73,742	100.0%	138,417	100.0%

Our administrative expenses increased during the Track Record Period in line with the expansion of our business operations. The increase from 2010 to 2011 reflected an increase in our operational scale. The increase in administrative expenses from 2011 to 2012, particularly in relation to the increase of our staff-related expenses, reflected our continued business growth and recruitment of additional senior and professional management staff in anticipation of the Global Offering. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, administrative expenses represented 28.7%, 9.1%, 11.7%, 11.5% and 72.9%, respectively, of our total turnover. The increase in administrative expenses in absolute amount and as a percentage of total turnover for the six months ended June 30, 2012 compared to the six months ended June 30, 2013 was due to the continued incurrence of administrative expenses in support of our growing operational scale and expenses associated with the Global Offering.

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Other Operating Expenses

Our other operating expenses primarily consist of charity donations and sponsorships made at our headquarters level as well as in geographic regions where we have operations or intend to enter. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, other operating expenses represented 6.0%, 0.5%, 0.4%, 0.1% and 6.2%, respectively, of our total turnover. The decrease in such percentage from 2010 reflected our relatively small scale of operations in 2010. The increase in other operating expenses in the six months ended June 30, 2013 primarily reflected an increase in charity donations and sponsorships for events in Yulin and Ganzhou.

Share of Loss of a Joint Venture

Our share of loss of a joint venture consists of our share of losses of Ganxian Haode Highway Construction Co., Ltd., a company in which we held a 60% equity interest until we disposed of such equity interest in June 2012 to a related party controlled by our Controlling Shareholder for a consideration of US\$4.7 million. Our share of loss amounted to RMB1.4 million, RMB2.5 million, RMB3.1 million, RMB3.1 million and nil in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, representing 1.5%, 0.3%, 0.2%, 0.5% and nil of our total turnover during the same periods, respectively.

Finance Income

Our finance income primarily consists of interest income on our bank deposits and gain on foreign exchange. The fluctuation in our interest income during the Track Record Period was in line with the changes in the amounts of our bank deposit. The following table sets forth our finance income for the periods indicated. The significant increase in interest income in the six months ended June 30, 2013 reflected a higher balance of cash and cash equivalents as of June 30, 2013 as a result of the pre-sale of a significant higher volume of properties during the same period.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	In thousands of RMB				
Finance income					
Interest income	458	2,116	1,374	646	4,473
Foreign exchange gain	—	891	—	—	—
Total	458	3,007	1,374	646	4,473

FINANCIAL INFORMATION

Finance Costs

Our finance costs primarily consist of finance expenses on Preferred Shares we issued to Hony Capital in 2011, interest expenses on bank loans and other borrowings after the deduction of such interest expenses that are capitalized in our properties under development, as well as gain on foreign exchange.

Due to the features of the Preferred Shares we issued to Hony Capital, such Preferred Shares are classified as a liability as the Preferred Shares are redeemable on a specific date or at the option of the holders and dividends payable on such shares are not discretionary. As such, such liability is treated as an interest-bearing borrowing and dividends accrued are recorded on an accrual basis in profit or loss as part of our finance expense. Our finance expense on the Preferred Shares was recorded based on an annual coupon rate of 12%, equal to the rate of annual return we agreed with Hony Capital in connection with its investment. The Preferred Shares will be automatically converted to our Shares immediately upon the completion of the Global Offering and liability associated with the Preferred Shares will be converted into equity capital of our Group. See “History and Corporate Structure – Investment by Hony Capital.”

Interest on borrowings relating to project development is capitalized to the extent the borrowings are directly attributable to a particular project and used to finance the development of that project. Since the development period for a project may not coincide with the interest payment period of a loan, not all of the interest costs related to a project can be capitalized. Our finance costs fluctuate from period to period depending on the amount of interest costs that are capitalized within the reporting period. During the Track Record Period, substantially all of our interest expenses on bank loans and other borrowings were capitalized into properties under development.

The following table sets forth our finance cost for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	In thousands of RMB				
Finance cost					
Finance expense on Preferred Shares . .	–	32,046	71,404	33,390	37,164
Interest on bank loans and other borrowings	3,197	5,328	61,928	10,453	74,728
Less: Interest expense capitalized into properties under development	(3,197)	(5,328)	(61,639)	(10,173)	(74,728)
Foreign exchange loss	–	37	1,548	26	2,772
Total	–	32,083	73,241	33,696	39,936

FINANCIAL INFORMATION

Change in Fair Value of Embedded Derivative on Preferred Shares

The preferred shares we issued to Hony Capital in 2011 are recognized as an interest-bearing borrowing and are recognized initially at fair value less attributable transaction costs. Subsequent to the initial recognition, the Preferred Shares are stated at amortized cost. The embedded derivative of the Preferred Shares is remeasured at the end of each reporting period to its fair value. Any increase or decrease in fair value compared to its former measurement is reflected in our finance costs in profit or loss. The fair value of the embedded derivative is measured based on the option-pricing method and convertible bond model as further explained in Note 25 to the Accountants' Report in Appendix I to this prospectus.

Gain on Disposal of a Subsidiary

On December 31, 2012, we disposed of our 100% equity interest in the Harbin Trade Center to Harbin China South City Company Limited, an Independent Third Party, for a consideration of RMB500.0 million. As a result, we recognized a gain of RMB306.6 million in connection with our disposal of the subsidiary. See "History and Corporate Structure – Reorganization – Transfer of 100% equity interest in Harbin Trade Center Company."

Income Tax Expenses

Our income tax expenses include provisions made for LAT, PRC corporate income tax and deferred income tax during the year. In the years ended December 31, 2010, 2011 and 2012, our effective corporate income tax rate was 33.6%, 8.9% and 43.4%, respectively. Our effective corporate income tax rate represents the percentage calculated based on (i) the sum of our corporate income tax over (ii) our profit before income tax. Without taking into account the charges made in connection with the Preferred Shares issued to Hony Capital in 2011, our adjusted effective corporate income tax rate was 33.6%, 8.5% and 24.2% in the years ended December 31, 2010, 2011 and 2012, respectively.

The following table sets forth our income tax expenses for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
In thousands of RMB					
Income tax expenses					
<i>Current tax</i>					
Corporate income tax					
in China	30,051	38,211	259,309	75,282	124,920
LAT	4,245	45,524	60,907	17,644	11,324
<i>Deferred tax</i>					
Origination and reversal of temporary differences . . .	(23,343)	(23,984)	(74,725)	(26,977)	(124,664)
Total	10,953	59,751	245,491	65,949	11,580

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We are not subject to any Cayman Islands income tax pursuant to the rules and regulations in the Cayman Islands. We did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profits tax during the Track Record Period. Our PRC subsidiaries are generally subject to a statutory tax rate of 25% on their respective assessable profits. According to an approval from the tax authority in Ningxiang, Hunan province, the assessable profits of our subsidiary in Ningxiang were calculated based on 10% of its gross income for the years ended December 31, 2011 and 2012. The tax authority in Ningxiang is the competent authority in granting such approval, and the validity of the approval was two years which expired in 2012. The tax benefit of such approval, calculated as the additional amount of tax that would have been paid if no such approval have had been granted to the subsidiary, amounted to RMB53.2 million and RMB16.2 million in 2011 and 2012, respectively. Starting in 2013, the subsidiary in Ningxiang is expected to be subject to a standard statutory tax rate of 25% on its assessable profits. During the Track Record Period and as of the Latest Practicable Date, we did not have any other subsidiary that was subject to such approval in regard to calculating assessable profits.

In addition, in July 2013, our Ganzhou Logistics Park was approved to enjoy a preferential EIT rate of 15% for 2012 to 2020. In particular, such preferential tax treatment was based on and supported by various tax rules and regulations in relation to China's strategy for large-scale development of the western region at a national and local level. These rules and regulations include: *Opinions of the State Council on Supporting the Development of the Gangnan District and Other Central Soviet Areas* (國務院關於支持贛南等原中央蘇區振興發展的若干意見), *Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Implementation of the Tax Policies for Western Development in Ganzhou* (關於贛州市執行西部大開發稅收政策問題的通知) and *Measures for the Administration of Implementation of the Preferential Treatment on Enterprises Income Tax for Western Development in Ganzhou* (贛州市執行西部大開發企業所得稅優惠政策管理辦法). According to Global Law Office, our PRC legal advisor, such preferential tax treatment was provided by the local tax bureau in accordance with current PRC laws and regulations and are legally valid and enforceable. During the Track Record Period and prior to such approval, the EIT of the Ganzhou Trade Center were assessed based on a general EIT rate of 25%. As a result, we expect that the effective tax rate of the Ganzhou Trade Center to decrease when the EIT of the project is assessed based on the preferential tax rate. However, such preferential tax treatment is legally required to be reviewed and reaffirmed on an annual basis by the local tax authority and there is no assurance that such preferential tax treatment will not be amended or revoked due to reasons beyond our control, including without limitation, any change in the relevant policy, laws and regulations in China or in the local region. As a result, we may not be able to realize the benefit of such preferential tax treatment as we currently expect, or at all. See "Risk Factors – Risks Relating to Our Industry and Our Business – The unavailability of any favorable regulatory treatment, including governmental grants and preferential tax treatments, in future periods for our projects could materially and adversely affect our business, financial condition and results of operations."

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LAT in China is generally levied on properties in China which we developed for sale. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable PRC laws and regulations is calculated based on the proceeds of sales of properties less deductible expenditures, including land-use rights expenses and charges, borrowing costs and all other property development expenditures qualified for such deductions. In addition, some of our subsidiaries were subject to LAT which were calculated based on 1.5% to 8% of their revenue in accordance with the authorized tax valuation method approved by local tax authorities. See “Regulatory Overview – PRC Taxation – Land Appreciation Tax.” Deferred tax assets arising from LAT accrued are calculated based on the applicable income tax rates when such assets are expected to be settled.

Profit/(Loss) for the Year/Period and Net Profit/(Loss) Margin

Our profit for the years ended December 31, 2010, 2011 and 2012 was RMB12.2 million, RMB229.0 million and RMB214.8 million, respectively. Our net loss for the six months ended June 30, 2012 and 2013 was RMB88.5 million and RMB193.2 million, respectively. Our net profit margin in 2010, 2011 and 2012 was 12.7%, 27.5% and 13.4%, respectively. The increase of our net profit margin from 2010 to 2011 generally reflected the continued increase in the scale of our operations. The decrease of our net profit margin from 2011 to 2012 primarily reflected the significant charge in relation to the change in fair value of embedded derivative on Preferred Shares. Reflecting our then property delivery schedule and particularly a very limited volume of property delivered in the six months ended June 30, 2013, our net loss margin for the six months ended June 30, 2012 was 13.8% and our net loss margin for the six months ended June 30, 2013 was 101.8%. We currently expect that a significant majority of turnover, gross profit and net profit in 2013 will be recorded in the last quarter of 2013.

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RESULTS OF OPERATIONS

The following table sets forth selected items from our consolidated statements of comprehensive income for the periods indicated. Our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future, reflecting the nature of our business operations as a trade center developer. Our operating results may not be directly comparable from period to period, and our historical results may not be indicative of our future results.

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
(unaudited)										
In thousands of RMB, except for percentages										
Turnover	95,715	100.0%	832,683	100.0%	1,607,114	100.0%	640,275	100.0%	189,764	100.0%
Cost of sales	(18,337)	(19.2%)	(398,860)	(47.9%)	(830,843)	(51.7%)	(341,207)	(53.3%)	(96,732)	(51.0%)
Gross profit	77,378	80.8%	433,823	52.1%	776,271	48.3%	299,068	46.7%	93,032	49.0%
Other revenue	–	–	686	0.1%	1,377	0.1%	105	–	4,168	2.2%
Other net loss	–	–	(79)	–	(5)	–	–	–	–	–
Selling and distribution expenses	(20,060)	(20.9%)	(52,911)	(6.4%)	(62,220)	(3.9%)	(31,439)	(4.9%)	(44,244)	(23.3%)
Administrative expenses	(27,515)	(28.7%)	(75,618)	(9.1%)	(187,722)	(11.7%)	(73,742)	(11.5%)	(138,417)	(72.9%)
Other operating expenses	(5,728)	(6.0%)	(4,139)	(0.5%)	(6,644)	(0.4%)	(482)	(0.1%)	(11,784)	(6.2%)
Profit/(loss) from operations	24,075	25.2%	301,762	36.2%	521,057	32.4%	193,510	30.2%	(97,245)	(51.2%)
Share of loss of a joint venture	(1,407)	(1.5%)	(2,541)	(0.3%)	(3,111)	(0.2%)	(3,111)	(0.5%)	–	–
Gain on disposal of a subsidiary ^(Note 1)	–	–	–	–	306,551	19.1%	–	–	–	–
Finance income	458	0.5%	3,007	0.4%	1,374	0.1%	646	0.1%	4,473	2.4%
Finance costs	–	–	(32,083)	(3.9%)	(73,241)	(4.6%)	(33,696)	(5.3%)	(39,936)	(21.0%)
Change in fair value of embedded derivative on Preferred Shares	–	–	18,583	2.3%	(292,348)	(18.2%)	(179,933)	(28.0%)	(48,920)	(25.9%)
Profit/(loss) before taxation	23,126	24.2%	288,728	34.7%	460,282	28.6%	(22,584)	(3.5%)	(181,628)	(95.7%)
Income tax	(10,953)	(11.5%)	(59,751)	(7.2%)	(245,491)	(15.2%)	(65,949)	(10.3%)	(11,580)	(6.1%)
Profit/(loss) for the year/period	12,173	12.7%	228,977	27.5%	214,791	13.4%	(88,533)	(13.8%)	(193,208)	(101.8%)
Non-IFRS Measures										
Adjusted profit/(loss) for the year/period ^(Note 2)	12,173	12.7%	210,394	25.3%	507,139	31.6%	91,400	14.3%	(144,288)	(76.0%)

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Note 1: In November 2012, we disposed of our equity interest in Harbin Trade Center Company, the project company for the development of a trade center project in Harbin, to Harbin China South City Company Limited, or Harbin CSC, an independent third party. We recognized a gain of RMB306.6 million in connection with the disposal. See “History and Corporate Structure – Reorganization – (2) Transfer of 100% equity interest in Harbin Trade Center Company.” As part of our business strategy, we continuously assess and monitor the deployment and allocation of our financial and management resources among the various projects of our Group, and explore and evaluate opportunities of new projects that become available to us from time to time. Based on these assessments and evaluation, from time to time, we may decide to strategically reallocate our resources and focus on development opportunities that we believe to offer potentially higher returns for our Group. Although we expect to rely on the sales of trade center properties and units to individual customers as our primary income source, we believe that such sales of in-progress projects via disposal of equity interest in the project company represents another option that is available to us to generate profit and realize cash flow based on our business operations. We currently do not expect to dispose of any of our trade center projects.

Note 2: Adjusted profit/(loss) for the year/period represents our profit or loss for the year or period, adjusted to exclude change in fair value of embedded derivative on Preferred Shares. Adjusted profit/(loss) for the year/period is presented as a supplemental disclosure because it is used by our management as the primary measure of our operating performance as compared to those of other companies in our industry, without regard to capital structure. However, adjusted profit/(loss) for the year/period is a non-IFRS financial measure. It should not be considered in isolation or construed as an alternative to profit/(loss) for the year/period or profit/(loss) from operations as indicators normally included in IFRS-based financial results. Adjusted profit/(loss) for the year/period presented in this prospectus may not be comparable to other similarly titled measurements of other companies.

The following table provides a quantitative reconciliation of adjusted profit/(loss) for the year/period to its most directly comparable IFRS measurement, profit/(loss) for the year/period:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	In thousands of RMB				
Profit/(loss) for the year/period					
<i>Adjusted for:</i>	12,173	228,977	214,791	(88,533)	(193,208)
Change in fair value of embedded derivative on Preferred Shares . .	—	(18,583)	292,348	179,933	48,920
Adjusted profit/(loss) for the year/period.	12,173	210,394	507,139	91,400	(144,288)

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Six months ended June 30, 2013 compared to the six months ended June 30, 2012

Turnover

Our turnover decreased by RMB450.5 million, or 70.4%, from RMB640.3 million for the six months ended June 30, 2012 to RMB189.8 million for the six months ended June 30, 2013. This decrease was primarily caused by a decrease in turnover from property sales from RMB639.7 million for the six months ended June 30, 2012 to RMB187.2 million for the six months ended June 30, 2013. Our turnover in the six months ended June 30, 2012 was primarily derived from the sales of wholesale trading market units at our Jining Trade Center and Ningxiang Trade Center. Our turnover in the six months ended June 30, 2013 was primarily derived from the sales of wholesale trading market units at our Yulin Trade Center, Jining Trade Center and Ningxiang Trade Center and shopping mall space at our Jining Trade Center.

The following table sets forth the GFA, average sales price and turnover of properties sold and delivered during the periods indicated.

	For the six months ended June 30,					
	2012			2013		
	GFA	Average sales price	Turnover	GFA	Average sales price	Turnover
GFA in sq.m., average sales price in RMB per sq.m. and turnover in thousands of RMB						
Ningxiang Trade Center						
Wholesale trading market units . . .	5,358	3,972	21,279	4,980	4,158	20,711
Freight forwarding market units . . .	—	—	—	—	—	—
Subtotal	5,358	N/A	21,279	4,980	N/A	20,711
Jining Trade Center						
Wholesale trading market units . . .	155,706	3,959	616,462	12,858	3,943	50,695
Shopping mall	—	—	—	3,038	6,538	19,864
Subtotal	155,706	N/A	616,462	15,896	N/A	70,559
Yulin Trade Center						
Wholesale trading market units . . .	—	—	—	17,889	4,975	88,994
Subtotal	—	N/A	—	17,889	N/A	88,994
Other Properties						
Shui'an Xintian	447	4,336	1,940	—	—	—
Haode Yinzu	—	—	—	1,051	6,620	6,956
Subtotal	447	N/A	1,940	1,051	N/A	6,956
Total	161,511	N/A	639,681	39,816	N/A	187,220

The GFA of properties sold decreased by 122,608 sq.m., or 75.9%, from 161,511 sq.m. for the six months ended June 30, 2012 to 39,816 sq.m. for the six months ended June 30, 2013. The decrease in the GFA of properties sold was primarily due to a difference in delivery schedule between these periods. In particular, a significant portion of wholesale trading market units at the Jining Trade Center was delivered in the first half of 2012, whereas most properties scheduled to be delivered in 2013 are expected to be in the last quarter of the year.

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The average sales price of our wholesale trading market units generally increased from the six months ended June 30, 2012 to the six months ended June 30, 2013. In particular, the average sales price of wholesale trading market units sold at the Yulin Trade Center was generally higher than the price at the Jining Trade Center, reflecting local market conditions.

Cost of Sales

Our cost of sales decreased by RMB244.5 million, from RMB341.2 million for the six months ended June 30, 2012 to RMB96.7 million for the six months ended June 30, 2013. This decrease was generally in line with our decrease in turnover during the same periods.

Our cost of properties sold decreased by RMB244.6 million, or 71.8%, from RMB340.5 million for the six months ended June 30, 2012 to RMB95.9 million for the six months ended June 30, 2013, primarily reflecting decreases in all major cost of sales line items. In particular, (i) our construction costs decreased by RMB248.7 million, or 72.7%, from RMB341.9 million for the six months ended June 30, 2012 to RMB93.2 million for the six months ended June 30, 2013, (ii) our land acquisition costs decreased by RMB113.3 million, or 81.2%, from RMB139.5 million for the six months ended June 30, 2012 to RMB26.2 million for the six months ended June 30, 2013, and (iii) our government grant credited to cost of sales decreased by RMB118.0 million, or 83.2%, from RMB141.9 million for the six months ended June 30, 2012 to RMB23.9 million for the six months ended June 30, 2013.

Gross Profit

As a result of the foregoing, our gross profit decreased by RMB206.1 million, or 68.9%, from RMB299.1 million for the six months ended June 30, 2012 to RMB93.0 million for the six months ended June 30, 2013. Our gross profit margin slightly increased from 46.7% for the six months ended June 30, 2012 to 49.0% for the six months ended June 30, 2013. The slight increase in our gross profit margin for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 was primarily due to a lower proportion of revenue being generated from the Jining Trade Center in the six months ended June 30, 2013 which yielded a relatively lower gross profit margin of 46.7% compared to that of the Yulin Trade Center (49.0%) and the Ningxiang Trade Center (55.8%).

Other Revenue

We recorded a dividend income of RMB4.2 million which was recorded as other revenue in the six months ended June 30, 2013 in connection with a 10% minority investment made to a local rural credit cooperative institution in Mianyang, Sichuan province.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB12.8 million, or 40.7%, from RMB31.4 million for the six months ended June 30, 2012 to RMB44.2 million for the six months ended June 30, 2013. The increase primarily reflected an increase in staff compensation. Such increases were due to more significant pre-sale preparation work

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conducted during the six months ended June 30, 2013 compared to the six months ended June 30, 2012. The increases were partially offset by a decrease in advertising expenses, which reflected a higher level of advertising expenses in relation to pre-sales of trade center properties in Jining and Yulin in 2012. Our selling and distribution expenses as percentage of turnover increased from 4.9% in the six months ended June 30, 2012 to 23.3% in the six months ended June 30, 2013, primarily reflecting the expenses associated with the significant preparation work for the pre-sale of properties at trade center projects in Ganzhou and Mianyang.

Administrative Expenses

Our administrative expenses increased by RMB64.7 million, or 87.8%, from RMB73.7 million for the six months ended June 30, 2012 to RMB138.4 million for the six months ended June 30, 2013. The increase primarily reflected increases in substantially all of the major components of our administrative expenses, particularly staff-related expenses and professional service fees. The increases were primarily due to (i) a significantly higher level of administrative expenses incurred to support our growing operational scale in 2013 compared to 2012, and (ii) an increasing amount of professional service fees incurred in 2013 in relation to the Global Offering. Our administrative expenses as a percentage of turnover increased from 11.5% in the six months ended June 30, 2012 to 72.9% in the six months ended June 30, 2013. This increase was primarily due to a significantly lower turnover derived during the six months ended June 30, 2013.

Other Operating Expenses

Our other operating expenses increased by RMB11.3 million, from RMB0.5 million for the six months ended June 30, 2012 to RMB11.8 million for the six months ended June 30, 2013. Our other operating expenses primarily consisted of charity donations and sponsorships made at our headquarters level as well as geographic regions where we have operations or intended to enter into. The increase in 2013 primarily reflected charity donations and sponsorships for events in Yulin and Ganzhou. Our other operating expenses represented 0.1% and 6.2%, of our total turnover in the six months ended June 30, 2012 and June 30, 2013, respectively.

Share of Loss of a Joint Venture

We had a share of loss of a joint venture of RMB3.1 million in the six months ended June 30, 2012, which was recorded in connection with our investment in Ganxian Haode Highway Construction Co., Ltd., an entity in which we held a 60% equity interest. We disposed of such equity interest in June 2012.

Finance Income

Our finance income increased by RMB3.9 million, from RMB0.6 million for the six months ended June 30, 2012 to RMB4.5 million for the six months ended June 30, 2013. The increase reflected an increase in interest income on our bank deposit during the same periods as a result of the pre-sale of a significant higher volume of properties during the same period.

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Finance Cost

Our finance cost increased by RMB6.2 million, or 18.4%, from RMB33.7 million for the six months ended June 30, 2012 to RMB39.9 million for the six months ended June 30, 2013. The increase primarily reflected a foreign exchange loss of RMB2.8 million recorded in the six months ended June 30, 2013 and an increase of RMB3.8 million in finance expenses recorded on our Preferred Shares issued to Hony Capital. Substantially all of the interest expenses paid on bank loans and other borrowings in the six months ended June 30, 2012 and 2013 were capitalized into properties under development.

Change in Fair Value of Embedded Derivative on Preferred Shares

We recorded a charge of RMB179.9 million for the six months ended June 30, 2012, compared to a charge of RMB48.9 million for the six months ended June 30, 2013, reflecting changes in the fair value of embedded derivative on the Preferred Shares we issued to Hony Capital in 2011. The fair value of embedded derivative liabilities increased primarily due to the increase in the enterprise value of our Company. See Note 25 to the Accountants' Report in Appendix I to this prospectus.

Income Tax Expense/Benefit

We recorded an income tax expense of RMB11.6 million for the six months ended June 30, 2013, compared to an income tax expense of RMB65.9 million for the six months ended June 30, 2012. Such decrease primarily reflected a significant decrease in the notional tax on profit before taxation and a decrease in LAT. The comparison of our effective corporate income tax rates and effective income tax rates adjusted to disregard the effect of the Preferred Shares for such periods is not presented as we recorded losses before taxation in the six months ended June 30, 2013. In addition, in May 2013, Hydoo Estate (Ganzhou) reached a tax settlement with the local tax bureau and subsequently paid RMB16.8 million for certain prior years' corporate income tax exposure. In particular, such settlement was initiated by our Group, and there was no regulatory order, inspection or investigation involved in the settlement process. See Note 6(b) to the Accountant's Report in Appendix I to this prospectus.

Profit/(Loss) for the Period

As a result of the foregoing, we recorded a net loss of RMB193.2 million for the six months ended June 30, 2013, compared to a net loss of RMB88.5 million for the six months ended June 30, 2012.

Adjusted Profit/(Loss) for Period

As a result of the foregoing, we had an adjusted profit of RMB91.4 million for the six months ended June 30, 2012, compared to an adjusted loss of RMB144.3 million for the six months ended June 30, 2013. Our adjusted profit/(loss) represents our profit/(loss) for the period, adjusted to exclude change in fair value of embedded derivative on Preferred Shares. See the note to the table setting forth selected items from our consolidated statements of comprehensive income under “– Results of Operations” for a quantitative reconciliation of adjusted profit/(loss) for the period to its most directly comparable IFRS measurement, profit for the period.

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Year ended December 31, 2012 compared to the year ended December 31, 2011

Turnover

Our turnover increased by RMB774.4 million, or 93.0%, from RMB832.7 million for the year ended December 31, 2011 to RMB1,607.1 million for the year ended December 31, 2012. This increase was primarily driven by the increase in turnover from property sales from RMB832.6 million for the year ended December 31, 2011 to RMB1,605.9 million for the year ended December 31, 2012. Our turnover in 2012 was primarily derived from the sales of wholesale trading market units at our Jining Trade Center, Yulin Trade Center and Ningxiang Trade Center, and to a lesser extent, from the sales of office space and residential units at Haode Yinzuo, a residential, commercial and office project in Ganzhou. Our turnover for the year ended December 31, 2011 was primarily derived from the sales of units of wholesale trading market and freight-forwarding market at our Ningxiang Trade Center.

The following table sets forth the GFA, average sales price and turnover of properties sold and delivered during the periods indicated.

	For the year ended December 31,					
	2011			2012		
	GFA	Average sales price	Turnover	GFA	Average sales price	Turnover
GFA in sq.m., average sales price in RMB per sq.m. and turnover in thousands of RMB						
Ningxiang Trade Center						
Wholesale trading market units . .	204,140	3,706	756,580	44,833	3,786	169,757
Freight forwarding market units . .	10,294	3,234	33,295	—	—	—
Subtotal	214,434	N/A	789,875	44,833	N/A	169,757
Jining Trade Center						
Wholesale trading market units . .	—	—	—	198,447	4,108	815,246
Shopping mall	—	—	—	12,471	6,243	77,855
Subtotal	—	—	—	210,918	N/A	893,101
Yulin Trade Center						
Wholesale trading market units . .	—	—	—	62,457	4,828	301,567
Subtotal	—	—	—	62,457	N/A	301,567
Other Properties						
Shui'an Xintian	7,605	5,622	42,752	535	3,908	2,091
Haode Yinzuo	—	—	—	36,998	6,470	239,391
Subtotal	7,605	N/A	42,752	37,533	N/A	241,482
Total	222,039	N/A	832,627	355,741	N/A	1,605,907

The GFA of properties sold increased by 133,702 sq.m., or 60.2%, from 222,039 sq.m. for the year ended December 31, 2011 to 355,741 sq.m. for the year ended December 31, 2012. The increase in the GFA of properties sold was primarily due to the commencement of sales of wholesale trading market units at the Jining Trade Center and the Yulin Trade Center in 2012, partially offset by a decrease of the GFA of wholesale trading market units sold at the Ningxiang Trade Center in 2012.

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The average sales price of our wholesale trading market units generally increased from 2011 to 2012. In particular, the average sales price of our wholesale trading market units at the Jining Trade Center and the Yulin Trade Center was higher than that of the units sold at the Ningxiang Trade Center, reflecting the general conditions of local commercial property markets.

Cost of Sales

Our cost of sales increased by RMB431.9 million, from RMB398.9 million for the year ended December 31, 2011 to RMB830.8 million for the year ended December 31, 2012. This increase was generally in line with our increase in turnover during the same periods.

Our cost of properties sold increased by RMB430.6 million, from RMB398.7 million for the year ended December 31, 2011 to RMB829.3 million for the year ended December 31, 2012, primarily reflecting the increase in construction costs and land acquisition costs, partially offset by the increase in government grants received. Our construction costs increased by RMB476.6 million, from RMB353.0 million for the year ended December 31, 2011 to RMB829.6 million for the year ended December 31, 2012, and our land acquisition costs increased by RMB105.3 million, from RMB170.9 million for the year ended December 31, 2011 to RMB276.2 million for the year ended December 31, 2012, both generally reflecting the increase in the total GFA of properties sold. The Jining Trade Center, the Ningxiang Trade Center and the Yulin Trade Center accounted for 69.5%, 24.7% and 5.8%, respectively, of the government grants credited to cost of sales in 2012. The Ningxiang Trade Center accounted for all of the government grants deducted from cost of sales in 2011.

Gross Profit

As a result of the foregoing, our gross profit increased by RMB342.5 million, or 79.0%, from RMB433.8 million for the year ended December 31, 2011 to RMB776.3 million for the year ended December 31, 2012. Our gross profit margin decreased from 52.1% for the year ended December 31, 2011 to 48.3% for the year ended December 31, 2012. This decrease in our gross profit margin was primarily due to lower gross profit margins of 46.3% at the Jining Trade Center and 48.5% at the Yulin Trade Center in 2012, compared to 50.7% at the Ningxiang Trade Center in 2011, despite the fact that the gross profit margin for the Ningxiang Trade Center increased to 64.9% in 2012. The increase in the gross profit margins yielded at the Ningxiang Trade Center from 2011 to 2012 reflected an increase in the amount of government grants received in connection with the project that was credited to cost of sales during the same periods.

Other Revenue and Other Net Loss

Our other revenue increased by RMB0.7 million, from RMB0.7 million for the year ended December 31, 2011 to RMB1.4 million for the year ended December 31, 2012. The increase primarily reflected payments received for a small parcel of land with a site area of approximately 4.7 thousand sq.m. from the local regulatory authority. Our other net loss in 2011 and 2012 was recorded in connection with loss on disposal of certain vehicles and office equipment.

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Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB9.3 million, or 17.6%, from RMB52.9 million for the year ended December 31, 2011 to RMB62.2 million for the year ended December 31, 2012. The increase primarily reflected a general increase in most components of our selling and distribution expenses in line with our increase in project sales and promotional activities, except for a significant decrease in sales commission. We primarily relied on our in-house sales team for property sales in 2012 and engaged external property brokerage firms to assist in property sales in 2011. Our selling and distribution expenses as percentage of turnover decreased from 6.4% in 2011 to 3.9% in 2012, primarily due to increase in our operational scale and efficiency.

Administrative Expenses

Our administrative expenses increased by RMB112.1 million, from RMB75.6 million for the year ended December 31, 2011 to RMB187.7 million for the year ended December 31, 2012. The increase primarily reflected the increase in all components of our administrative expenses due to the expansion of our operational scale. Our administrative expenses as a percentage of turnover increased from 9.1% in 2011 to 11.7% in 2012. This increase was primarily due to the significant increase in staff-related expenses in 2012, reflecting our continued business growth and recruitment of additional senior and professional management staff in anticipation of the Global Offering.

Other Operating Expenses

Our other operating expenses increased by RMB2.5 million, or 61.0%, from RMB4.1 million for the year ended December 31, 2011 to RMB6.6 million for the year ended December 31, 2012. Our other operating expenses primarily consisted of charity donations and sponsorships made at our headquarters level as well as geographic regions where we have operations or intended to enter into the market. Our other operating expenses represented 0.5% and 0.4%, of our total turnover in 2011 and 2012, respectively.

Share of Loss of a Joint Venture

Our share of loss of a joint venture increased by RMB0.6 million, or 24.0%, from RMB2.5 million for the year ended December 31, 2011 to RMB3.1 million for the year ended December 31, 2012. The increase reflected our share in the net loss of Ganxian Haode Highway Construction Co., Ltd., an entity in which we held a 60% equity interest. We disposed of such equity interest in June 2012.

Finance Income

Our finance income decreased by RMB1.6 million, or 53.3%, from RMB3.0 million for the year ended December 31, 2011 to RMB1.4 million for the year ended December 31, 2012. The decrease primarily reflected a decrease in interest income of RMB0.7 million for our bank deposit during the same period, as well as a gain on foreign exchange of RMB0.9 million recognized in 2011.

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Finance Cost

Our finance cost increased by RMB41.1 million, from RMB32.1 million for the year ended December 31, 2011 to RMB73.2 million for the year ended December 31, 2012. The increase primarily reflected a significant increase in finance expenses from RMB32.0 million in 2011 to RMB71.4 million in 2012 due to the Preferred Shares we issued to Hony Capital and the increase in interest-bearing borrowings. Substantially all of the interest expenses paid on bank loans and other borrowings were capitalized into properties under development in both years ended December 31, 2011 and 2012.

Change in Fair Value of Embedded Derivative on Preferred Shares

We recorded a charge of RMB292.3 million for the year ended December 31, 2012, compared to a gain of RMB18.6 million for the year ended December 31, 2011, reflecting a change in the fair value of embedded derivative on the Preferred Shares we issued to Hony Capital in 2011. The fair value of embedded derivative liabilities increased significantly primarily due to the increase in the enterprise value of our Company. See Note 25 to the Accountants' Report in Appendix I to this prospectus.

Gain on Disposal of a Subsidiary

On December 31, 2012, we disposed of the 100% equity interest in Harbin Trade Center Company to Harbin China South City Company Limited, an Independent Third Party, for a consideration of RMB500.0 million. As a result, we recognized a gain of RMB306.6 million in connection with our disposal of the subsidiary. See "History and Corporate Structure – Reorganization – Transfer of 100% equity interest in Harbin Trade Center Company."

Income Tax Expense

Our income tax expense increased by RMB185.7 million, from RMB59.8 million for the year ended December 31, 2011 to RMB245.5 million for the year ended December 31, 2012. Such increase primarily reflected an increase of RMB174.2 million in corporate income tax in China recognized, from RMB25.6 million in 2011 to RMB199.8 million in 2012. Our effective corporate income tax rate was 8.9% and 43.4% in the years ended December 31, 2011 and 2012, respectively. The increase in our effective corporate income tax rate was primarily due to the lower percentage of turnover derived from the Ningxiang Trade Center in 2012 compared to 2011. According to an approval from the tax authority in Ningxiang, Hunan province, the assessable profits of our subsidiary in Ningxiang were calculated based on 10% of its gross income for the years ended December 31, 2011 and 2012. The increase in our effective corporate income tax rate also reflected the charges made in 2012 in connection with our Preferred Shares issued to Hony Capital in 2011. Without taking into account the charges made in connection with such Preferred Shares, our adjusted effective corporate income tax rate was 8.5% and 24.2% in the years ended December 31, 2011 and 2012, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by RMB14.2 million, or 6.2%, from RMB229.0 million for the year ended December 31, 2011 to RMB214.8 million for the year ended December 31, 2012.

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Adjusted Profit for the Year

As a result of the foregoing, our adjusted profit for the year increased by RMB296.7 million, from RMB210.4 million for the year ended December 31, 2011 to RMB507.1 million for the year ended December 31, 2012. Our adjusted profit represents our profit for the year, adjusted to exclude change in fair value of embedded derivative on Preferred Shares. See the note to the table setting forth selected items from our consolidated statements of comprehensive income under “– Results of Operations” for a quantitative reconciliation of adjusted profit for the year to its most directly comparable IFRS measurement, profit for the year.

Year ended December 31, 2011 compared to the year ended December 31, 2010

We began to generate revenue from sales of properties at our trade center projects in 2011. Prior to that time, in 2010, our revenue was primarily derived from the sales of properties at a residential project we began to develop in 2005. Our operational scale was relatively small in 2010. Due to the early stage of our business operations, differences in product mix and projects, as well as limited operational scale, our results of operations in 2010 are not directly comparable to our results in other periods.

Turnover

Our turnover increased by RMB737.0 million, from RMB95.7 million for the year ended December 31, 2010 to RMB832.7 million for the year ended December 31, 2011. This increase was primarily driven by an increase in turnover from property sales from RMB95.4 million for the year ended December 31, 2010 to RMB832.6 million for the year ended December 31, 2011. Our turnover for the year ended December 31, 2011 was primarily derived from the sales of units of wholesale trading market and freight-forwarding market at our Ningxiang Trade Center. Our turnover for the year ended December 31, 2010 was primarily derived from the sales of commercial and residential units at Shui'an Xintian, a residential project in Ganzhou, Jiangxi province.

The following table sets forth the GFA, average sales price and turnover of properties sold and delivered during the periods indicated.

	For the year ended December 31,					
	2010			2011		
	GFA	Average sales price	Turnover	GFA	Average sales price	Turnover
GFA in sq.m., average sales price in RMB per sq.m. and turnover in thousands of RMB						
Ningxiang Trade Center						
Wholesale trading market units . . .	–	–	–	204,140	3,706	756,580
Freight forwarding market units . . .	–	–	–	10,294	3,234	33,295
Subtotal	–	N/A	–	214,434	N/A	789,875
Other Properties						
Shui'an Xintian	17,038	5,597	95,370	7,605	5,622	42,752
Total	17,038	N/A	95,370	222,039	N/A	832,627

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The GFA of properties sold increased by 205,001 sq.m., from 17,038 sq.m. for the year ended December 31, 2010 to 222,039 sq.m. for the year ended December 31, 2011. The increase in the GFA of properties sold was primarily due to the commencement of sales of wholesale trading market units at the Ningxiang Trade Center in 2011. The average sales price of properties sold in 2011, primarily wholesale trading market units at the Ningxiang Trade Center, was within the range RMB3,200 to 3,700 per sq.m., compared to RMB5,600 per sq.m. of properties sold in 2010 at Shui'an Xintian.

Cost of Sales

Our cost of sales increased by RMB380.6 million, from RMB18.3 million for the year ended December 31, 2010 to RMB398.9 million for the year ended December 31, 2011. This increase was generally in line with our increase in turnover during the same periods. In particular, cost of properties sold increased by RMB380.6 million, from RMB18.1 million for the year ended December 31, 2010 to RMB398.7 million for the year ended December 31, 2011, primarily reflecting the increase in the GFA of properties sold and delivered during the same periods. In particular, our construction costs increased by RMB333.8 million, from RMB19.2 million for the year ended December 31, 2010 to RMB353.0 million for the year ended December 31, 2011, and our land acquisition costs increased by RMB167.4 million, from RMB3.5 million for the year ended December 31, 2010 to RMB170.9 million for the year ended December 31, 2011, both generally reflecting the increase in the total GFA of properties sold.

Gross Profit

As a result of the foregoing, our gross profit increased by RMB356.4 million, from RMB77.4 million for the year ended December 31, 2010 to RMB433.8 million for the year ended December 31, 2011. Our gross profit margin decreased from 80.8% for the year ended December 31, 2010 to 52.1% for the year ended December 31, 2011. This decrease in our gross profit margin was primarily due to the lower gross profit margin of 50.7% from the sales of wholesale trading market units at the Ningxiang Trade Center in 2011, compared to 81.0% from the sales of commercial and residential units at Shui'an Xintian in 2010. The decrease reflected the different nature of properties sold in the respective periods.

Other Revenue and Other Net Loss

We recognized other revenue of RMB0.7 million for the year ended December 31, 2011, reflecting certain miscellaneous deposits and other payables that were written off in 2011. Our other net loss in 2011 was recorded in connection with loss on disposal of certain vehicles and office equipment.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB32.8 million, from RMB20.1 million for the year ended December 31, 2010 to RMB52.9 million for the year ended December 31, 2011. The increase primarily reflected the increase in advertisement expenses

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and compensation expenses of our sales staff. Such increase was due to the commencement of sales and delivery to customers at our Ningxiang Trade Center as well as the pre-sale related efforts made at the Jining Trade Center in 2011.

Administrative Expenses

Our administrative expenses increased by RMB48.1 million, from RMB27.5 million for the year ended December 31, 2010 to RMB75.6 million for the year ended December 31, 2011. The increase primarily reflected the increases in staff-related expenses, office expenses and travelling, boarding and meeting expenses, which was in line with the expansion of our business scale.

Other Operating Expenses

Our other operating expenses decreased by RMB1.6 million, or 28.1%, from RMB5.7 million for the year ended December 31, 2010 to RMB4.1 million for the year ended December 31, 2011. The decrease primarily reflected a fine of RMB3.4 million we paid in 2010, partially offset by the increase in charity donations and sponsorships made at our headquarters level as well as geographic regions where we have operations or intend to enter. See “Business – Compliance and Legal Proceedings.”

Share of Loss of a Joint Venture

Our share of loss of a joint venture increased by RMB1.1 million, from RMB1.4 million for the year ended December 31, 2010 to RMB2.5 million for the year ended December 31, 2011. The increase reflected our share of the net loss of Ganxian Haode Highway Construction Co., Ltd., an entity in which we held a 60% equity interest. We disposed of such equity interest in June 2012.

Finance Income

Our finance income increased by RMB2.5 million, from RMB0.5 million for the year ended December 31, 2010 to RMB3.0 million for the year ended December 31, 2011. The increase primarily reflected the increase in interest income of RMB1.7 million from our bank deposit during the same period, as well as a gain on foreign exchange of RMB0.9 million recognized in 2011.

Finance Costs

We recorded a finance cost of RMB32.1 million for the year ended December 31, 2011, primarily reflecting a finance expense of RMB32.0 million on Preferred Shares we issued to Hony Capital, a strategic investor we introduced in 2011. All interests paid on bank loans and other borrowings were capitalized into properties under development in the years ended December 31, 2010 and 2011.

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Change in Fair Value of Embedded Derivative on Preferred Shares

We recorded a gain of RMB18.6 million for the year ended December 31, 2011 in connection with the change in fair value of embedded derivative on the Preferred Shares we issued to Hony Capital in 2011. See Note 25 to the Accountants' Report in Appendix I to this prospectus.

Income Tax Expense

Our income tax expense increased by RMB48.8 million, from RMB11.0 million for the year ended December 31, 2010 to RMB59.8 million for the year ended December 31, 2011. Such increase primarily reflected an increase of the LAT we recognized, from RMB4.2 million in 2010 to RMB45.5 million in 2011, reflecting the increase in properties sales. Our effective corporate income tax rate was 33.6% and 8.9% in the years ended December 31, 2010 and 2011, respectively. In 2011, the lower effective corporate income tax rate reflected a lower corporate tax rate applicable to the Ningxiang Trade Center in 2011 based on an approval from the tax authority in Ningxiang, Hunan province, which calculated the assessable profits of our subsidiary in Ningxiang based on 10% of its gross income for the years ended December 31, 2011 and 2012. In 2011, a significant majority of turnover was derived from the sales of properties at the Ningxiang Trade Center. The higher effective corporate income tax rate in 2010 also reflected the tax effect of certain non-deductible expenses in 2010.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB216.8 million, from RMB12.2 million for the year ended December 31, 2010 to RMB229.0 million for the year ended December 31, 2011.

Adjusted Profit for the Year

As a result of the foregoing, our adjusted profit for the year increased by RMB198.2 million, from RMB12.2 million for the year ended December 31, 2010 to RMB210.4 million for the year ended December 31, 2011. Our adjusted profit represents our profit for the year, adjusted to exclude change in fair value of embedded derivative on Preferred Shares. See the note to the table setting forth selected items from our consolidated statements of comprehensive income under “– Results of Operations” for a quantitative reconciliation of adjusted profit for the year to its most directly comparable IFRS measurement, profit for the year.

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CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

Our inventories in our consolidated statements of financial position primarily consist of properties of our property projects in various stages of development process. These properties include (i) properties under development for sale, (ii) properties held for sale, and (iii) properties held for future development for sale. The following table sets forth certain data of our inventories by these categories as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Inventories				
<i>Property development inventories</i>				
Properties under development for sale . .	1,029,606	1,361,904	1,369,488	2,841,403
Properties held for sale	10,155	39,952	872,558	863,210
Properties held for future development for sale.	92,207	496,799	1,061,386	1,542,621
Subtotal	1,131,968	1,898,655	3,303,432	5,247,234
<i>Other inventories</i>				
Low-value consumption goods.	2	18	114	190
Total	1,131,970	1,898,673	3,303,546	5,247,424

Properties under development for sale

Our properties under development for sale refer to our properties in the development stage. The following table sets forth certain data with respect to our properties under development for sale by expected sales schedule as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Properties under development for sale				
Expected to be recovered within one year	524,466	1,137,344	1,012,947	1,617,242
Expected to be recovered after more than one year	505,140	224,560	356,541	1,224,161
Total	1,029,606	1,361,904	1,369,488	2,841,403

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Our properties under development for sale increased from RMB1,369.5 million as of December 31, 2012 to RMB2,841.4 million as of June 30, 2013, primarily reflecting the continued development of the trade center projects in Ganzhou, Mianyang, Jining and Yulin, partially offset by the completion of construction of properties at the Ningxiang Trade Center. Our properties under development for sale increased from RMB1,361.9 million as of December 31, 2011 to RMB1,369.5 million as of December 31, 2012, primarily reflecting the continued development of the trade center projects in Mianyang, Yulin and Ganzhou, partially offset by the completion of construction of properties at trade center projects in Jining and Ningxiang and properties at Haode Yinzuo in Ganzhou in 2012. Our properties under development for sale increased from RMB1,029.6 million as of December 31, 2010 to RMB1,361.9 million as of December 31, 2011, primarily reflecting the continued development of the Jining Trade Center, partially offset by the completion of construction of properties in the Ningxiang Trade Center in 2011.

Properties held for sale

Our properties held for sale refer to our completed properties. The following table sets forth certain data with respect to our properties held for sale by expected sales schedule as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Properties held for sale				
Expected to be recovered within one year	8,709	39,952	628,117	437,998
Expected to be recovered after more than one year	1,446	–	244,441	425,212
Total	10,155	39,952	872,558	863,210

Our properties held for sale decreased from RMB872.6 million as of December 31, 2012 to RMB863.2 million as of June 30, 2013, primarily reflecting the sales of properties at trade center projects in Jining, Yulin and Ningxiang, partially offset by the completion of construction of properties at the Ningxiang Trade Center. Our properties held for sale increased significantly from RMB40.0 million as of December 31, 2011 to RMB872.6 million as of December 31, 2012, primarily reflecting the completion of construction of properties at trade center projects in Jining, Ningxiang and Yulin, partially offset by the sales of properties at these projects. Our properties held for sale increased from RMB10.2 million as of December 31, 2010 to RMB40.0 million as of December 31, 2011, primarily reflecting the completion of construction of properties at the Ningxiang Trade Center in 2011.

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Properties held for future development

Our properties held for future development refer to expenditures, primarily land acquisition costs, incurred for those properties planned for future development for which we have obtained land-use rights certificates. The following table sets forth certain data with respect to our properties held for future development by expected sales schedule as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Properties held for future development				
Expected to be recovered within one year	—	—	—	53,673
Expected to be recovered after more than one year	92,207	496,799	1,061,386	1,488,948
Total	92,207	496,799	1,061,386	1,542,621

The carrying amount of our properties held for future development as of June 30, 2013 primarily related to our expenditures incurred in connection our trade center projects in Jining, Ganzhou, Wuzhou and Heze. The carrying amount of our properties held for future development as of December 31, 2012 primarily related to our expenditures incurred in connection our trade center projects in Ganzhou, Wuzhou, Mianyang and Yulin. The carrying amount of our properties held for future development as of December 31, 2011 was related to our expenditures incurred in connection with our trade center projects in Mianyang, Yulin and Jining. The carrying amount of our properties held for future development as of December 31, 2010 was related to our expenditures incurred in connection with our trade center projects in Jining and Ningxiang.

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Trade and Other Receivables

Our trade and other receivables primarily consist of (i) deposits, prepayments and other receivables, (ii) trade receivables, and (iii) prepaid business tax and other taxes. The following table sets forth our trade and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Trade and other receivables				
Deposits, prepayments and other receivables	110,876	325,177	788,721	400,045
Trade receivables	7,966	39,290	66,102	9,917
Prepaid business tax and other taxes . .	15,358	58,010	53,754	127,008
Security deposit with a PRC financial institution ^(Note)	—	—	40,000	—
Total	134,200	422,477	948,577	536,970

Note: This relates to a security deposit made in relation to our repayment of a loan from Ping An Trust Co., Ltd.

Deposits, prepayments and other receivables

Our deposits, prepayments and other receivables primarily represent (i) development expenditures incurred in connection with properties planned for future development for which we have not yet obtained land-use rights certificates, and (ii) other receivables due from parties other than our trading customers. The increase of our balance of deposits, prepayments and other receivables from December 31, 2010 to December 31, 2012 generally reflected the expansion of our operational scale and the level of development activities during the Track Record Period.

The following table sets forth the major components of our deposits, prepayments and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Deposits, prepayments and other receivables				
Development expenditures	51,000	305,368	470,583	325,372
Receivable due to disposal of Harbin Hydoo	—	—	240,000	—
Receivables due from parties other than trading customers	55,072	12,839	50,271	24,933
Others	4,804	6,970	27,867	49,740
Total	110,876	325,177	788,721	400,045

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In particular, our deposits, prepayments and other receivables as of June 30, 2013 primarily related to our expenditures incurred in connection with additional properties planned for future development for which we had not yet obtained land-use rights certificates at the trade center projects in Lanzhou and Mianyang. Our deposits, prepayments and other receivables as of December 31, 2012 primarily related to (i) our expenditures incurred in connection with additional properties planned for future development for which we had not yet obtained land-use rights certificates at the trade center projects in Jining, Mianyang and Heze, and (ii) consideration due from the acquirer of the Harbin Trade Center Company. Our deposits, prepayments and other receivables as of December 31, 2011 primarily related to our expenditures incurred in connection with additional properties planned for future development for which we had not yet obtained land-use rights certificates at the trade center projects in Jining, Ganzhou and Mianyang. Our deposits, prepayments and other receivables as of December 31, 2010 primarily related to balances with non-trading partners. Our receivables due from parties other than trading customers primarily related to receivables due from Harbin Trade Center Company and prepayments made to employees for to cover expenses associated with our daily business. The other receivables primarily related to various miscellaneous receivable items, such as utility deposits and other prepayments and deposits made with local governments.

As of August 31, 2013, the most recent practicable date for discussing such information, RMB371.2 million of deposits, prepayments and other receivables that were outstanding as of June 30, 2013 were outstanding.

Trade receivables

Our trade receivables represent the amount of property purchase consideration payable by our customer after the relevant property is delivered to the customer and the underlying revenue regarding such property is recognized.

Proceeds from the sales of properties are settled by lump-sum payment or by installments in accordance with the terms of the corresponding sales contract. If full payment is made, settlement is normally required upon or within one month after the signing of the sales contract. If payments are made by installments without utilizing the mortgage loan, generally 50% of the purchase price is required as down payment to be paid by the purchaser upon signing of the sales contract, with the remaining amount generally required to be paid before the delivery of the relevant property. However, we occasionally agree to deliver the property to our customer when (i) at least 80% of the purchase price has been settled, and (ii) we are convinced, based on our understanding of the specific conditions and needs of the customer, that it is highly probable that the remaining amount will be duly settled by the customer within the period we anticipate. We approve such arrangement on a case-by-case basis.

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If the payments are made through utilizing a mortgage loan, generally 50% of the purchase price is required as a down payment to be paid by the purchaser upon signing of the sales contract, with the remaining amount to be settled through a mortgage loan, typically when such loan is drawn down. We generally deliver property to the customer after the remaining purchase price is fully settled through mortgage loan. However, we occasionally agree to deliver the property to our customers when (i) our customer has submitted all required documents in respect of the mortgage applications to the mortgage banks, and (ii) we have received evidence to our satisfaction, typically a confirmation letter from the bank, that the relevant mortgage proceeds will be provided by the bank upon the completion of the internal procedure of the banks. We approve such arrangement on a case-by-case basis.

The increase in trade receivables from December 31, 2010 to December 31, 2012 was generally in line with our increase in turnover during the same periods. The decrease in trade receivables from December 31, 2012 to June 30, 2013 was primarily due to the continued settlement of purchase consideration due from property purchasers coupled with a decrease in property delivery in the first half of 2013. As of December 31, 2010, 2011 and 2012 and June 30, 2013, all of our trade receivables were not past due and current. The corresponding trade receivable turnover days were 15 days, 10 days, 12 days and 37 days for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Turnover days of trade receivables are derived by dividing the average of the beginning and the closing balances of trade receivables for the relevant period by turnover for the period and multiplying by 365.25 for annual figures and by 182.63 for semi-annual figures. The higher turnover days in the six months ended June 30, 2013 reflected a relatively lower volume of properties delivered and sold during the period due to the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013. The following table sets forth the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Trade receivables				
Current	7,966	39,290	66,102	9,917
Less than 3 months past due	—	—	—	—
More than 3 months but less than 6 months past due	—	—	—	—
More than 6 months past due	—	—	—	—
Total	7,966	39,290	66,102	9,917

As of August 31, 2013, the most recent practicable date for discussing such information, RMB3.0 million of trade receivables that were outstanding as of June 30, 2013 were outstanding.

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Prepaid business tax and other taxes

Prepaid business tax and other taxes primarily represent business tax and other taxes prepaid in connection with the pre-sale of our properties as required by PRC laws and regulations. We recorded a significant increase of prepaid business tax and other taxes from December 31, 2012 to June 30, 2013, reflecting the significant pre-sale activities primarily at trade center projects in Ganzhou and Mianyang in the six months ended June 30, 2013. The decrease of prepaid business tax and other taxes from December 31, 2011 to December 31, 2012 was due to the significant increase in volume of properties pre-sold by the end of 2012, especially those pre-sold at the trade centers in Jining and Yulin, which resulted in a lower balance of receipts in advance compared to 2011. The increases of prepaid business tax and other taxes from December 31, 2010 to December 31, 2011 was generally in line with the increase of scale of property pre-sales in 2011 compared to 2010.

Restricted Cash

Our restricted cash amounted to RMB5.2 million, RMB19.7 million, RMB22.4 million and RMB23.0 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. Our restricted cash during the Track Record Period primarily represented the cash we pledged to commercial banks for certain mortgage facilities granted to our customers for the purpose of purchasing property by our customers. Such pledged cash generally represents 2-10% of the total credit provided by commercial banks. The increase in our restricted cash during the Track Record Period primarily reflected the increase in property sales utilizing mortgage loans provided by commercial banks to our customers which are subject to the cash pledge arrangement described above during the same periods. See “– Indebtedness and Contingencies – Contingent Liabilities.”

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables, (ii) receipts in advance, and (iii) other payables and accruals and a special dividend. The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Trade and other payables				
Trade payables.....	367,167	384,603	786,860	988,339
Receipts in advance.....	760,016	1,102,322	750,918	4,005,523
Other payables and accruals.....	249,840	233,637	154,637	177,200
Special dividend	—	—	20,205	20,205
Total	1,377,023	1,720,562	1,712,620	5,191,267

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Trade payables

Our trade payables mainly represent amounts due to construction contractors and payables recorded in connection with our acquisition of land-use rights. Our payment to construction contractors is generally made in installments according to pre-agreed payment milestones as set out in the construction contracts. We generally fully settle the payment to construction contractors within one month, except that we normally retain 2-10% of the contract amount to cover any damages as a result of any construction defects. Such retention money payables are generally settled one year after the completion of the construction work. See “Business – Our Development Process – Project Construction – Construction Contract Terms.” Our payables to local governments recorded in connection with our acquisition of land-use rights are generally settled within one to three months.

We had trade payables due to third parties of RMB367.2 million, RMB384.6 million, RMB786.9 million and RMB988.3 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The increase in our trade payables balance from December 31, 2012 to June 30, 2013 primarily reflected increases of amounts due to construction contractors relating to construction work at our trade center projects in Ganzhou, Yulin and Mianyang. The increase of our trade payables balance from December 31, 2011 to December 31, 2012 primarily reflected increases of amounts due to construction contractors relating to construction work at our trade center projects in Yulin and Mianyang, partially offset by the settlement of payables in connection with our acquisition of land-use rights at the Mianyang Trade Center in 2012. The increase of trade payables balance from December 31, 2010 to December 31, 2011 primarily reflected increases of amounts due to construction contractors relating to construction work at the Jining Trade Center and amounts payable in connection with our acquisition of land-use rights at the Mianyang Trade Center, partially offset by a decrease of amounts due to construction contractors relating to construction work at the Ningxiang Trade Center and settlement of amounts payable in connection with our acquisition of land-use rights at the Ningxiang Trade Center in 2011.

The corresponding trade payable turnover days were 3,847 days, 344 days, 257 days and 1,676 days for the years ended December 31, 2010, 2011 and 2012 and for the six months ended June 30, 2013, respectively. Turnover days of trade payables are derived by dividing the average of the beginning and closing balances of trade payables for the relevant period by cost of sales for the period and multiplying by 365.25 for annual figures and by 182.63 for semi-annual figures. Historically, in a given period, significant expenditures were generally incurred in connection with property development activities during the period resulting in relatively higher balances of trade payables, whereas the related cost of sales for purposes of calculating turnover days for the period was generally associated with the development expenditures incurred in earlier periods. As a result of our increasing development expenditure during the Track Record Period in line with our business growth, we recorded relatively high trade payable turnover days. The following table sets forth the aging analysis of our trade payables as of the dates indicated.

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	As of December 31,			As of
	2010	2011	2012	June 30,
				2013
	In thousands of RMB			
Trade payables				
Due within 1 month or on demand	339,661	116,450	224,490	202,485
Due after 1 month but within 3 months	–	217,993	222,359	637,857
Due after 3 months but within 6 months	–	316	199,670	30,285
Due after 6 months	27,506	49,844	140,341	117,712
Total	367,167	384,603	786,860	988,339

The retention money payable to construction contractors represented a significant portion of the balances of trade payables due after 6 months. As of December 31, 2010, 2011 and 2012 and as of June 30, 2013, retention money payables amounted to RMB0.5 million, RMB17.7 million, RMB27.1 million and RMB83.8 million, respectively, which were all due six months after the end of the respective period. In addition, the balances of trade payables due after one month as of December 31, 2011 and 2012 also reflected the more favorable payment terms offered by our construction contractors for trade center projects in Mianyang and Yulin, which have allowed us to start to make payment only after 70% of the construction work is completed.

As of August 31, 2013, the most recent practicable date for discussing such information, RMB526.1 million of trade payables that were outstanding as of June 30, 2013 were outstanding.

Receipts in advance

Our receipts in advance primarily consist of proceeds from property pre-sales paid by our customers before relevant properties are delivered to our customers. Such proceeds received are recognized as turnover when the construction of the relevant properties is completed and the properties are delivered to purchasers.

The significant increase in our balance of receipts in advance from December 31, 2012 to June 30, 2013 was due to the proceeds received in connection with the pre-sale of the properties at trade center projects in Ganzhou and Mianyang in the six months ended June 30, 2013, partially offset by the delivery of properties at trade center projects in Yulin and Jining. The decrease in our balance of receipts in advance from December 31, 2011 to December 31, 2012 was due to the delivery of properties at the Jining Trade Center and Haode Yinzuo, partially offset by the proceeds received in connection with the pre-sale of the Yulin Trade Center in 2012. The increase in our balance of receipts in advance from December 31, 2010 to December 31, 2011 was due to the increase in property pre-sales during the same periods. In particular, the Ningxiang Trade Center commenced pre-sales in 2010, the Jining Trade Center commenced pre-sales in 2011 and the Ningxiang Trade Center continued pre-sales in 2011.

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As of August 31, 2013, the most recent practicable date for discussing such information, RMB3,950.3 million of receipts in advance that were outstanding as of June 30, 2013 were outstanding.

Other payables and accruals and special dividend

Other payables and accruals primarily consisted of security deposits made by our customers to guarantee the timely commencement of business operations at our trade centers, deposits made by construction contractors to secure their due performance under the construction contracts and ownership registration and other governmental fees and utility charges collected from our customers. The relevant security deposits will generally be released and returned to our customers after the internal decoration at the wholesale trading market unit for business commencement is completed. The increase in the balance of other payables and accruals from December 31, 2012 to June 30, 2013 primarily reflected an increase in security deposits made by our construction contractors at the Ganzhou Trade Center. The increase in the balance of other payables and accruals from December 31, 2011 to December 31, 2012 primarily reflected an increase in the balance of security deposits made by our customers at trade center projects in Mianyang and Yulin. The decrease in the balance of other payables and accruals from December 31, 2010 to December 31, 2011 primarily reflected a decrease of the balance of security deposits made by our customers at the Jining Trade Center. In 2012, we recorded a special dividend payable of RMB20.2 million in connection with the pre-IPO investments made by Ping An Hawking Fund. Assuming that the Global Offering is completed pursuant to the schedule set out in “Expected Timetable,” we will not have the obligation to pay such special dividend. Such balance will be derecognized and the finance expenses during the same period will be reduced accordingly. See “History and Corporate Structure – Pre-IPO Investments – Special rights granted to Top Amuse – Rights in case of no Qualified IPO – Ping An Hawking Fund’s right to interest.”

Deferred Income

Our deferred income as of a period end primarily represents the total amount of government grants received prior to such date after netting off the portion of the government grants that have been credited to cost of sales prior to such date. During the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we received government grants of RMB85.6 million, RMB265.9 million, RMB586.9 million and RMB388.5 million, respectively. During the same periods, RMB5.4 million, RMB126.6 million, RMB285.2 million and RMB23.9 million were credited to cost of property sold. As a result, our deferred income amounted to RMB80.2 million, RMB219.5 million, RMB521.3 million and RMB885.9 million as of December 31, 2010, 2011 and 2012 and as of June 30, 2013, respectively.

Our government grants received in the year ended December 31, 2012 and the six months ended June 30, 2013 were primarily related to development activities at the Jining Trade Center. Our government grants received in the year ended December 31, 2011 were primarily related to development activities at trade center projects in Jining and Ningxiang. Our

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government grants received in the year ended December 31, 2010 were primarily related to development activities at the Jining Trade Center. The grants enhanced our liquidity position, reflected in the increase in cash balances and cash equivalents and current liabilities after the receipt of grants. In particular, such cash received is generally applied to finance our capital expenditures and working capital needs, and therefore reduces the amount of cash that would otherwise be necessary to finance such expenditures.

The following table sets forth major components of our government grant recorded as deferred income by project as of the dates indicated.

	As of December 31,						As of June 30,	
	2010		2011		2012		2013	
	In thousands of RMB, except for percentages							
Jining Trade Center . . .	77,564	96.8%	142,491	64.9%	307,976	59.1%	673,223	76.0%
Ningxiang Trade Center .	2,595	3.2%	65,519	29.9%	68,502	13.1%	65,918	7.4%
Ganzhou Trade Center . .	—	—	—	—	41,160	7.9%	41,160	4.6%
Mianyang Trade Center .	—	—	—	—	38,000	7.3%	38,000	4.3%
Yulin Trade Center	—	—	11,480	5.2%	33,169	6.4%	34,999	4.0%
Wuzhou Trade Center . .	—	—	—	—	32,460	6.2%	32,572	3.7%
Total	80,159	100.0%	219,490	100.0%	521,267	100.0%	885,872	100.0%

RELATED PARTY TRANSACTIONS

The following table sets forth our trading transactions with related parties during the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
(unaudited)					
In thousands of RMB					
Sales of properties to related parties					
Controlling Shareholders . .	—	—	—	—	—
Others	7,511	2,953	—	—	607
Total	7,511	2,953	—	—	607

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The following table sets forth receipts from and payments to our related parties, on a gross basis, during the Track Record Period. Such amounts with related parties, particularly those significant amounts incurred in 2011 and 2012, were primarily utilized by relevant parties to fund their respective operational needs.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	(unaudited)				
	In thousands of RMB				
Receipts from related parties					
Controlling shareholders	29,549	207,319	3,039	1,901	796
Shenzhen Howard Industrial Co., Ltd. .	–	36,654	110,804	4,731	–
Howard Property Services Co., Ltd. . .	2,205	–	–	–	–
Shenzhen Howard Investment Co., Ltd.	51,640	288,349	170,000	68,000	–
Jincheng Howard Guangcai Trade Center Development Co., Ltd.	–	–	70,000	70,000	–
Linyi Howard Guangcai Trade Center Development Co., Ltd.	–	–	20,000	20,000	–
Ji'An Trade Center Development Co., Ltd.	–	10,000	5,000	5,000	–
Ganzhou Gannan Trade Center Development Co., Ltd.	–	69,431	–	–	–
Jiangxi Howard Biotechnology Co., Ltd.	–	10,017	–	–	–
Yichun Trade Center Property Services Co., Ltd.	–	2,000	–	–	–
Ganxian Howard Highway Construction Co., Ltd.	–	17,709	–	–	–
Fuzhou Howard Trade Center Development Co., Ltd.	–	5,000	–	–	–
Jingdezhen Howard Trade Center Development Co., Ltd.	30,000	10,000	–	–	–
Jiangxi Howard Group Co., Ltd.	–	17,300	–	–	–
Jiangxi Haoli Industrial Co., Ltd.	–	9,268	–	–	–
Jining Howard Modern Logistics Co., Ltd.	54,269	–	–	–	–
Others	–	180	1,500	–	–
Total	167,633	683,227	380,343	169,632	796

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	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	(unaudited)				
	In thousands of RMB				
Payments to related parties					
Controlling shareholders	(140,039)	(143,771)	(39,868)	(35,012)	(228)
Shenzhen Howard Industrial Co., Ltd.	(200)	(230,016)	(58,674)	(55,000)	—
Shenzhen Howard Investment Co., Ltd.	(34,480)	(152,401)	(170,000)	(170,000)	—
Jincheng Howard Guangcai Trade Center Development Co., Ltd. .	—	—	(70,000)	(70,000)	—
Howard Property Services Co., Ltd.	(158)	—	—	—	—
Ganzhou Gannan Trade Center Development Co., Ltd.	(9,330)	—	—	—	—
Jiangxi Howard Group Co., Ltd. .	(10,720)	—	—	—	—
Ganxian Howard Highway Construction Co., Ltd.	(17,299)	—	—	—	—
Jingdezhen Howard Trade Center Development Co., Ltd.	(30,000)	(7,856)	—	—	—
Jiangxi Haoli Industrial Co., Ltd..	(1,727)	(820)	—	—	—
Linyi Howard Guangcai Trade Center Development Co., Ltd. .	—	—	(20,000)	(20,000)	—
Ji'An Trade Center Development Co., Ltd.	—	(9,940)	(5,000)	(5,000)	—
Jining Howard Modern Logistics Co., Ltd.	—	(54,269)	—	—	—
Others	—	(500)	—	—	(1,000)
Total	(243,953)	(599,573)	(363,542)	(355,012)	(1,228)

Any amount advanced from or to related parties during the Track Record Period was unsecured, interest free and without fixed terms of repayment. The following table sets forth the balances of amounts due from or due to related parties during the dates indicated.

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	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Amounts due from related parties				
Controlling Shareholders.	99,373	806	796	—
Shenzhen Howard Industrial Co., Ltd.	17,957	52,130	—	—
Jingdezhen Howard Trade Center Development Co., Ltd.	2,144	—	—	—
Jiangxi Howard Group Co., Ltd.	17,300	—	—	—
Ganzhou Gannan Trade Center Development Co., Ltd.	69,431	—	—	—
Ganxian Howard Highway Construction Co., Ltd.	17,709	—	—	—
Jiangxi Haoli Industrial Co., Ltd.	8,447	—	—	—
Ji'An Trade Centre Development Co., Ltd.	60	—	—	—
Fuzhou Howard Trade Center Development Co., Ltd.	5,000	—	—	—
Yichun Trade Center Property Services Co., Ltd.	2,000	—	—	—
Jiangxi Howard Biotechnology Co., Ltd. . .	10,017	—	—	—
Other related parties	180	500	—	—
Subtotal	249,618	53,436	796	—
Amounts due to related parties				
Controlling Shareholders.	(72,087)	(37,067)	(228)	—
Jining Howard Modern Logistics Co., Ltd.	(54,269)	—	—	—
Shenzhen Howard Investment Co., Ltd. . . .	(23,240)	—	—	—
Other related parties	—	—	(1,000)	—
Subtotal	(149,596)	(37,067)	(1,228)	—
Total.	100,022	16,369	(432)	—

In preparation for the Global Offering and as part of our effort to reduce the related party transactions, (i) we have established policies and procedures to identify related parties and all related party transactions are required to be approved by our Board, (ii) as of June 30, 2013, we had fully settled all the balances with related parties, and (iii) no further related party transactions were approved or entered into subsequent to December 31, 2012 and up to August 31, 2013, the most recent practicable date for purposes of discussing such information.

As of December 31, 2012, Weifang Howard Trade Center Development Company Limited provided financial guarantees to us in respect of a trust loan provided by Ping An Trust Co., Ltd. with a principal amount of RMB600.0 million. The financial guarantees were released upon repayment of the loan in June 2013.

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LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to pay for construction costs and land acquisition costs, fund working capital, service our indebtedness, purchase property, plant and equipment for our own use and finance other normal recurring operating needs. To date, we have primarily financed our operational expenditures through internally generated cash flows including proceeds from the pre-sale and sale of properties, issuance of preferred shares to Hony Capital and common shares to 2012 Pre-IPO Investors and borrowings from commercial banks and other lenders. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of internally generated cash including proceeds from pre-sale and sale of properties, external borrowings, proceeds from the Global Offering and potentially additional equity and debt financing.

We recorded negative net cash flow from operating activities of RMB420.5 million and RMB1,087.6 million in the years ended December 31, 2011 and 2012, respectively. Our negative net cash flow from operating activities was primarily attributable to the long-term and capital-intensive nature of property development, as well as our continued business expansion and increase in investment in properties under development. In particular, our negative cash flow from operating activities in these periods was primarily due to (i) increases in inventories, reflecting our continued increase in the scale of property development activities primarily relating to our development activities at trade center projects in Jining and Mianyang for 2011 and Ganzhou, Yulin, Mianyang and Wuzhou for 2012, and (ii) increases in trade and other receivables, primarily due to our increase in expenditures incurred for properties planned for future development for which we had not yet obtained land-use rights certificates at trade center projects in Jining, Ganzhou and Mianyang for 2011 and Jining, Mianyang and Heze for 2012. For a detailed discussion of our cash flows during the Track Record Period, see “– Liquidity and Capital Resources – Cash Flows.” We generated RMB1,879.1 million of net cash flow operating activities in the six months ended June 30, 2013. However, there is no assurance that we will be able to continue to generate positive cash flow from operating activities. See “Risk Factors – Risks Relating to Our Industry and Our Business – We had negative net operating cash flow for the years ended December 31, 2011 and 2012” for further information relating to the risks associated with our negative net operating cash flow.

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As of December 31, 2010, 2011 and 2012 and as of June 30, 2013, our net current assets were approximately RMB152.1 million, RMB815.7 million, RMB1,805.2 million and RMB2,075.9 million, respectively. For a detailed discussion of major items of our current assets and current liabilities, see “– Certain Statements of Financial Position Items.” The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of	As of
	2010	2011	2012	June 30,	August 31,
				2013	2013
					(unaudited)
In thousands of RMB					
Current assets					
Inventories	1,131,970	1,898,673	3,303,546	5,247,424	5,636,131
Current tax assets	5,182	37,874	95,230	163,061	306,497
Trade and other					
receivables	134,200	422,477	948,577	536,970	891,866
Amounts due from related					
parties	249,618	53,436	796	–	–
Restricted cash	5,161	19,669	22,442	22,977	18,865
Available-for-sale					
investments	–	–	–	200,000	1,077,000
Cash and cash equivalents	285,828	436,941	584,379	2,364,901	1,129,403
Subtotal	1,811,959	2,869,070	4,954,970	8,535,333	9,059,762
Current liabilities					
Trade and other payables	1,377,023	1,720,562	1,712,620	5,191,267	5,537,027
Bank loans and other					
borrowings	10,000	60,000	689,000	86,350	126,000
Current tax liabilities	43,058	16,299	225,693	295,904	390,086
Amounts due to related					
parties	149,596	37,067	1,228	–	–
Deferred income	80,159	219,490	521,267	885,872	1,026,591
Subtotal	1,659,836	2,053,418	3,149,808	6,459,393	7,079,704
Net current assets	152,123	815,652	1,805,162	2,075,940	1,980,058

We believe that we will be able to settle our current liabilities and commitments as of June 30, 2013 when due. In particular, the following discussion sets out our current plan to settle our current liabilities and commitments.

- **Trade payables, bank loans and other borrowings and current tax liabilities.** As of June 30, 2013, all such current liabilities due are fully settled. We expect to settle the remaining portion of such current liabilities when due by utilizing our then available cash resources, including cash and cash equivalents on hand and additional cash to be generated from operating activities during the period subsequent to December 31, 2012, being primarily cash to be generated through the pre-sale of

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trade center properties in Ganzhou and Mianyang in 2013, proceeds from the Global Offering as well as additional loans that we may obtain from potential lenders or have drawn down or may draw down under our available credit facilities.

- ***Receipts in advance.*** Receipts in advance is expected to be recognized as turnover when the properties are delivered to purchasers. As a result, we do not need to apply additional financial resources to settle receipts in advance; rather, cash received and recognized as receipts in advance can be further utilized for purposes of repaying other financial liabilities and meeting operating cash needs.
- ***Deferred income.*** Deferred income as of June 30, 2013 primarily represented government grants received by such date after netting off the portion of the government grants that have been credited to cost of sales prior to such date. As a result, we expect such balance to be further netted off based on the progress made in regard to our projects under development. It is therefore not necessary for us to apply additional financial resources to settle deferred income. Rather, cash received and recognized as deferred income can be further utilized for purposes of repaying other financial liabilities and meeting operating cash needs.
- ***Commitments in relation to development expenditures.*** As of June 30, 2013, the amount of commitments in relation to development expenditures that were contracted but not provided for amounted to RMB1.4 billion. See “– Commitments.” Such development expenditures will become payable based on the progress of the construction of the projects. We actively manage our liquidity position by adjusting the progress of the projects and the related capital expenditure budget based on various factors, including our liquidity requirements and funding options available. Although an aggregate of RMB1.4 billion of development expenditures has been committed as of June 30, 2013, such commitment relates to expenditures that are expected in the coming one to three years. As a result, we maintain flexibility in terms of adjusting the development progress and the timing of the associated expenditure items. In addition, with respect to our long term capital expenditure budget, we maintain a strong ability to adjust the budget in regard to the development of our trade center projects during their development cycles, which generally span over a period of 5-10 years to respond to our business and financial condition on an on-going basis. For example, we may adjust the capital expenditures budget in respect of land acquisition and design/construction features of constituent buildings that have not been built based on our then available capital resources.

In addition to the cash to be utilized to settle our current liabilities and commitments, we also expect to continue to utilize our available capital resources for our capital expenditures, which primarily includes investments associated with any property to be held for investment purposes that we may maintain from time to time as well as expenditures in connection with our operating activities. It is currently estimated that the total capital expenditure to be incurred in 2013 and 2014 amounts to RMB40.8 million and RMB171.7 million, respectively, which are primarily for the construction of Zhongtailai Hotel at the Ningxiang Trade Center and the purchase of vehicles and office equipment in our ordinary course of business.

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As of August 31, 2013, the most recent practicable date for discussing such information, we had a total of RMB196.5 million of unutilized loan facilities provided by commercial banks in China. In addition, we do not expect that the recent austerity measures to stabilize the housing price in China will have any material and adverse effect on our business operations and working capital sufficiency, as such measures mainly target the residential property market, particularly the secondary residential property market in China. For more information regarding these measures, see “Regulatory Overview – Measures on Stabilizing Property Prices.”

Taking into account the financial resources available to our Group, including the expected cash to be generated from our operations, the available banking facilities and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus. In addition, after we fully utilize the proceeds from the Global Offering, we expect to continue to finance our capital expenditure and working capital needs through cash generated from our operations, including proceeds from pre-sale of projects and other operating activities, proceeds from bank loans and through offering of additional debt or equity securities in the capital market.

Cash Flows

As of December 31, 2010, 2011 and 2012 and as of June 30, 2013, we had RMB285.8 million, RMB436.9 million, RMB584.4 million and RMB2,364.9 million in cash and cash equivalents, respectively. The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	For the Year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	In thousands of RMB				
Selected cash flow statement data					
Net cash generated from/(used in) operating activities	320,538	(420,470)	(1,087,583)	(684,372)	1,879,056
Net cash (used in)/generated from investing activities	(4,468)	(37,195)	194,405	(10,407)	36,722
Net cash (used in)/generated from financing activities	(56,840)	620,159	1,044,213	526,653	(132,072)
Net increase in cash and cash equivalents	259,230	162,494	151,035	(168,126)	1,783,706
Cash and cash equivalents at January 1	23,898	285,828	436,941	436,941	584,379
Effect of foreign exchange rate changes	2,700	(11,381)	(3,597)	(257)	(3,184)
Cash and cash equivalents at December 31.	285,828	436,941	584,379	268,558	2,364,901

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Net cash generated from or used in operating activities

In the six months ended June 30, 2013, we had a net cash inflow from operating activities of RMB1,879.1 million. Our primary cash inflow and related items during the period included an increase in trade and other payables of RMB3,474.1 million, primarily reflecting the significant proceeds received from the pre-sale of properties during the period. Such cash inflow was partially offset by an increase in inventories of RMB1,869.1 million, reflecting our continued increase in the scale of property development activities in the period.

In the year ended December 31, 2012, we had a net cash outflow from operating activities of RMB1,087.6 million. Our primary cash outflow and related items during the period included (i) an increase in inventories of RMB1,815.6 million, reflecting our continued increase in the scale of property development activities in 2012, primarily relating to our commencement of development at our trade center projects in Ganzhou and Wuzhou, as well as our continued development activities at trade center projects in Yulin and Mianyang projects, and (ii) an increase in trade and other receivables of RMB247.7 million, primarily due to our increase in expenditures incurred for additional properties planned for future development for which we have not yet obtained land-use rights certificates in Jining and Mianyang in 2012, as well as the consideration due from the acquirer of the Harbin Trade Center in 2012. Such cash outflow was partially offset by certain cash inflow and related items during the period, including (i) an increase in trade and other payables of RMB306.2 million, primarily due to increases of amounts due to construction contractors relating to construction work at our trade center projects in Yulin and Mianyang in 2012, and (ii) an increase of deferred income of RMB305.1 million, primarily reflecting the increase in the government grants we received in 2012 in connection with our trade center projects in Jining. Other significant items adjusted before the movement in working capital also included (i) a gain on disposal of a subsidiary before tax of RMB306.6 million recorded in connection with our disposal of the Harbin Trade Center Company on December 31, 2012, (ii) tax paid of RMB168.2 million in 2012, and (iii) a change in fair value of embedded derivative on Preferred Shares we issued to Hony Capital during the period of RMB292.3 million.

In the year ended December 31, 2011, we had a net cash outflow from operating activities of RMB420.5 million. Our primary cash outflow and related items during the period included (i) an increase in inventories of RMB577.3 million, reflecting our commencement of development at our trade center projects in Mianyang and Yulin, as well as our continued development activities at the Jining Trade Center, and (ii) an increase in trade and other receivables of RMB472.4 million, primarily due to our increase in expenditures incurred in connection with additional properties planned for future development for which we have not yet obtained land-use rights certificates at the trade center projects in Jining, Ganzhou and Mianyang. Such cash outflow was partially offset by certain cash inflow and related items during the period, including (i) an increase in trade and other payables of RMB341.7 million, primarily due to the property pre-sale at trade center projects in Jining and Ningxiang in 2011, and (ii) an increase in deferred income of RMB139.3 million, primarily reflecting the increase in the government grants we received in 2011 in connection with our trade center projects in Jining. Other significant items adjusted before the movement in working capital also included a tax payment of RMB143.2 million in 2011.

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In the year ended December 31, 2010, we had a net cash inflow from operating activities of RMB320.5 million. Our primary cash inflow and related items during the period included an increase in trade and other payables of RMB1,325.3 million, primarily due to the property pre-sale at the Jining Trade Center in 2010. Such cash inflow was partially offset by certain cash outflow and related items during the period, including an increase in inventories of RMB1,038.2 million, reflecting our expanded scale of property development activities in 2010, primarily relating to our development activities at trade center projects in Ningxiang and Jining in 2010.

Net cash used in investing activities

In the six months ended June 30, 2013, we had a net cash inflow from investing activities of RMB36.7 million, primarily due to proceeds from disposal of the Harbin Trade Center Company of RMB240.0 million, partially offset by RMB200.0 million of investment in a short-term cash management product with guaranteed principals sold by Ping An Bank Co, Ltd., an independent third party commercial bank in China.

In the year ended December 31, 2012, we had a net cash inflow from investing activities of RMB194.4 million, primarily due to proceeds from disposal of the Harbin Trade Center Company of RMB220.7 million, partially offset by the payment for purchase of property, plant and equipment of RMB27.3 million, which primarily related to the office space retained at Haode Yinzuo for our office use and purchase of vehicles and office equipment to support our continued business growth.

In the year ended December 31, 2011, we had a net cash outflow from investing activities of RMB37.2 million, primarily due to (i) the payment for purchase of property, plant and equipment of RMB19.9 million, which primarily related to the purchase of vehicles and office equipment, and (ii) the payment for purchase of other non-current financial assets of RMB19.8 million, which primarily related to a 10% minority investment made to a local rural credit cooperative institution in Mianyang, Sichuan province.

In the year ended December 31, 2010, we had a net cash outflow from investing activities of RMB4.5 million, primarily due to the payment for purchase of property, plant and equipment of RMB6.5 million, which primarily related to the purchase of vehicles and office equipment. Such cash outflow was partially offset by the proceeds of RMB1.3 million from disposal of a minority interest in a local real estate development company in Laiwu, Shandong province in 2010.

Net cash used in or generated from financing activities

In the six months ended June 30, 2013, we had a net cash outflow from financing activities of RMB132.1 million, which consisted primarily of repayment of bank loans and other borrowings of RMB693.7 million and a payment of RMB150.0 million in acquisition of a non-controlling interest in Ganzhou Logistics Park, partially offset by proceeds from bank loans and other borrowings of RMB741.5 million. Lenders of new loans obtained during the six months ended June 30, 2013 primarily included the Mianyang Branch of Industrial and Commercial Bank of China Limited, Shandong International Trust Corporation, the Jinlong Branch of Ganzhou Rural Commercial Bank and the Jining Yunhe Branch of the Agricultural Bank of China.

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In the year ended December 31, 2012, we had net cash generated from financing activities of RMB1,044.2 million, which consisted primarily of (i) proceeds from loans of RMB690.5 million, primarily including the loan provided by Ping An Trust Co., Ltd. in 2012, and (ii) proceeds from capital issuance of RMB344.0 million, relating to the 2012 Pre-IPO Investments made by Ping An Hawking Fund, Creat and Zhenshuo, as well as the capital contribution made by a then minority shareholder of the Ganzhou Trade Center in 2012.

In the year ended December 31, 2011, we had net cash generated from financing activities of RMB620.2 million, which consisted primarily of (i) proceeds from our issuance of preferred shares to Hony Capital in 2011 of RMB517.1 million, (ii) a decrease in amount due from related parties in the amount of RMB196.2 million, reflecting our continued efforts to settle advance balances with our related party, and (iii) proceeds from loans of RMB85.0 million, relating to the loan provided by Ningxiang Branch of the Agricultural Bank of China in Hunan province and a local lender in Jining, Shandong province. Such cash inflow was partially offset by (i) payments made to our Controlling Shareholders as a result of the Reorganization of RMB90.0 million, primarily used to transfer the equity interests of the trade center projects in Ningxiang and Jining into the Group, and (ii) a decrease in amounts due to related parties of RMB72.6 million, reflecting our continued efforts to settle advance balances with our related party.

In the year ended December 31, 2010, we had net cash used in financing activities of RMB56.8 million, which primarily reflected a decrease in amounts due to related parties of RMB117.2 million, reflecting our continued efforts to settle advance balances with our related party. Such cash outflow was partially offset by (i) a decrease in amounts due from related parties of RMB45.8 million, reflecting our continued efforts to settle advance balances with our related party, and (ii) a capital injection made by our Controlling Shareholder of RMB30.0 million, reflecting the incorporation of the project company for the Jining Trade Center.

INDEBTEDNESS AND CONTINGENCIES

Bank Loans and Other Borrowings

The following table sets forth our outstanding borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2010	2011	2012	2013	2013
In thousands of RMB					
Current					
Current secured other borrowings	—	30,000	630,000	—	—
Unsecured bank loans	—	—	16,000	28,000	48,000
Current portion of non-current					
secured bank loans	10,000	30,000	43,000	58,350	78,000
Subtotal	10,000	60,000	689,000	86,350	126,000

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	As of December 31,			As of June 30,	As of August 31,
	2010	2011	2012	2013	2013
In thousands of RMB					
Non-current					
Secured bank loans	30,000	73,000	103,000	768,850	768,850
Less: current portion of non-current secured bank loans	(10,000)	(30,000)	(43,000)	(58,350)	(78,000)
Subtotal	20,000	43,000	60,000	710,500	690,850
Total	30,000	103,000	749,000	796,850	816,850

The following table sets forth the maturity profile of our borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2010	2011	2012	2013	2013
In thousands of RMB					
Within 1 year	10,000	60,000	689,000	86,350	126,000
After 1 year but within 2 years	20,000	43,000	–	130,000	180,000
After 2 years but within 5 years	–	–	60,000	580,500	510,850
Total	30,000	103,000	749,000	796,850	816,850

Our total outstanding bank loans and other borrowings increased from RMB749.0 million as of December 31, 2012 to RMB796.9 million as of June 30, 2013. The increase was primarily due to the new loans we drew down during the period, partially offset by our repayment of bank loans and other borrowings, in particular the loan borrowed from Ping An Trust Co., Ltd. In particular, these new loans primarily included:

- a loan with a principal amount of RMB280.0 million provided by the Mianyang Branch of Industrial and Commercial Bank of China Limited in March 2013. The loan has a term of 5.5 years and the interest rate is calculated at 5% plus the benchmark interest rate published by the PBOC from time to time. The repayment will be made in ten installments during the term of the loan based on an agreed-to schedule. The loan is provided to finance the development of the Mianyang Trade Center and is secured by the development properties and land-use rights at our Mianyang Trade Center. As part of the loan arrangement, we have agreed to certain common types of loan covenants, such as dividend restrictions and information rights, as well as restrictions on material corporate transactions (such as mergers, major asset sales and capital reduction), material investments and material increase of indebtedness without the lender's consent;

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- a loan with a principal amount of RMB210.0 million provided by Shandong International Trust Corporation (山東省國際信託有限公司) in February 2013. The loan has a term of three years and the annual interest rate is 10.225%. The repayment will be made in six installments during the term of the loan based on an agreed-to schedule. The loan was provided to finance the development of the Ganzhou Trade Center and is secured by the land-use rights at the Ganzhou Trade Center. As part of the loan arrangement, we have agreed to certain common types of loan covenants, such as information rights, as well as restrictions on material corporate transactions (such as mergers, major asset sales and capital reduction), material investments and material increase of indebtedness and guarantee and security interest to third parties without the lender's consent;
- a loan with a principal amount of RMB139.5 million drawn down in February 2013 under a credit facility of RMB150.0 million obtained in February 2013 from the Jinlong Branch of Ganzhou Rural Commercial Bank (贛州農村商業銀行). The loan has a term of three years and the interest rate is calculated at 130% of the benchmark interest rate published by the PBOC from time to time. The repayment will be made in six installments during the term of the loan based on an agreed-to schedule. The loan was provided to finance the development of the Ganzhou Trade Center and is secured by the land-use rights at the Ganzhou Trade Center. As part of the loan arrangement, we have agreed to certain common types of loan covenants, such as maintaining a maximum debt-asset ratio of 60% during the term of the loan at the Ganzhou Trade Center, dividend restrictions, information rights, restrictions on repayment of shareholder's loans as well as restrictions on material corporate transactions (such as mergers, major asset sales and capital reduction), material investments and material increase of indebtedness without the lender's consent; and
- two additional loans in an aggregate principal amount of RMB84.0 million drawn down in January and February 2013 under a credit facility of RMB200.0 million obtained in September 2012 from the Jining Yunhe Branch of the Agricultural Bank of China. Both loans under such credit facility have a term of four years and an interest rate at 120% of the benchmark interest rate published by the PBOC from time to time. The repayment for both loans will be made in two installments during the term of the loans based on an agreed-to schedule. These loans are provided to finance the development of the Jining Trade Center and are secured by our development properties at the Jining Trade Center and guaranteed by one of our subsidiaries in Ganzhou and an Independent Third Party. As part of the loan agreements under the facility, we have agreed to certain common types of loan covenants, such as maintaining a maximum debt-asset ratio of 70% during the term of the loan at the Jining Trade Center and certain minimum profitability requirements, information rights as well as restrictions on material corporate transactions (such as mergers, major asset sales and capital reduction), material investments, material changes to the development plan of our Jining Trade Center and material increase of guarantee and security interest to third parties without the lender's consent.

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Our total outstanding bank loans and other borrowings increased from RMB103.0 million as of December 31, 2011 to RMB749.0 million as of December 31, 2012. The increase was primarily due to a new secured loan of RMB600.0 million provided by Ping An Trust Co., Ltd. in April 2012. Ping An Trust Co., Ltd. is a subsidiary of Ping An Insurance (Group) Company of China, Ltd., (a public company with shares listed on the Stock Exchange and Shanghai Stock Exchange) engaging in third-party asset management services. Ping An Trust Co., Ltd. is an independent third party. The loan had a term of one year and a fixed interest rate of 17%. The loan was guaranteed by and secured by equity interest in, and assets of certain of, our subsidiaries in China. In addition, certain related parties also provided guarantees or security in connection with the loan. In particular, (i) Mr. Wong Choihing, one of our Controlling Shareholders, provided a personal guarantee, and (ii) certain related parties controlled by our Controlling Shareholders provided security interests upon their assets to secure the loan. The loan provided by Ping An Trust Co., Ltd. complies in all material respects with applicable laws, rules and regulations in China. The loan was repaid and the guarantee and security provided by in connection with the loan were fully released and discharged in June 2013. In addition, we had drawn down an aggregate of RMB60.0 million under the credit facility of RMB200.0 million obtained from the Jining Yunhe Branch of the Agricultural Bank of China in September 2012 as described above. This loan has a term of four years and an interest rate at 120% of the benchmark interest rate published by the PBOC from time to time. The loan under such credit facility is secured by the development properties and land-use rights at our Jining Trade Centre and guaranteed by one of our subsidiaries in Ganzhou and an Independent Third Party.

Our total outstanding bank loans and other borrowings increased from RMB30.0 million as of December 31, 2010 to RMB103.0 million as of December 31, 2011. The increase was primarily due to a new secured bank loan of RMB55.0 million our subsidiary in Ningxiang obtained from the Ningxiang Branch of the Agriculture Bank of China in Hunan province in June 2011. The loan had a term of two years and a floating interest rate of 110% of the benchmark interest rate published by the PBOC from time to time. The loan was secured by the development properties of the borrower and guaranteed by one of our subsidiaries in Ganzhou, Jiangxi province. In addition, one of our subsidiaries in Jining, Shandong province, borrowed RMB30.0 million from a local lender (濟寧市市中區安居街道四五里營村委會) in Jining in July 2011. The loan had a term of two years and a fixed interest rate of 12%.

In addition to the customary financial and operating covenants we agreed to under our loans and bank facilities described above, as draw-down conditions, we generally agree to make capital contribution to the project company on a timely basis and make progress on the development project based on the development schedule and investments made. Our loans and bank facilities do not carry any special restrictions limiting our rights to draw down loans under our bank facilities.

The interest rates of our bank loans and other borrowings were within the range of 7.9% to 8.5% in 2010, 6.7% to 12.0% in 2011, 6.7% to 17.0% in 2012 and 6.7% to 17.0% in the six months ended June 30, 2013. We believe that the general increase in the interest rate on our bank and other borrowings during these periods was driven by the increases in the PBOC benchmark rates in 2011 and the higher interest rates charged by non-bank borrowers as a result

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of our obtaining of alternative debt financing from these borrowers due to the tightened credit policies imposed by PRC commercial banks towards property developers in China in 2011 and 2012. See “Risk Factors – Risks Relating to Our Industry and Our Business – We may not be able to obtain adequate financing on commercially acceptable terms or at all to complete properties under development or properties planned for future development” and “Risk Factors – Risks Relating to Our Industry and Our Business – Our financing costs may be affected by changes in interest rates in China and elsewhere in the world.”

All of our bank loans and other borrowings are secured by one or a combination of the following methods: land to be developed, properties under development, properties held for sale, land-use rights, shares of our subsidiaries, bank deposits, guarantees by our subsidiaries and/or guarantees by our Controlling Shareholders. The following table sets forth our assets that were used to secure our bank and other borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2010	2011	2012	2013	2013
	In thousands of RMB				
Properties under development for sale	–	9,657	1,076,983	1,108,210	1,180,062
Properties held for sale	10,287	130,362	120,075	–	–
Total	10,287	140,019	1,197,058	1,108,210	1,180,062

During the Track Record Period and as of the Latest Practicable Date, (i) we did not experience any material difficulty in obtaining credit facilities, withdrawal of facilities, default in payment of bank borrowings or breach of financial covenants and (ii) we did not experience any difficulty in meeting the draw-down requirements or were otherwise rejected to draw down loans under our banking facilities. As of August 31, 2013, the most recent date for purposes of this confirmation, there were no material change in our indebtedness since June 30, 2013 other than as disclosed in this section.

Contingent Liabilities

We make arrangements with PRC commercial banks so that such banks may provide mortgage facilities to our customers to purchase our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) the due registration of the mortgage interest held by the commercial bank upon the subject property, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan with any accrued and unpaid interest and penalty based on the loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled

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through withholding the security deposit we place with the banks. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2010, 2011 and 2012, June 30, 2013 and August 31, 2013, the most recent practicable date for discussing such information, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB45.4 million, RMB308.8 million, RMB475.0 million, RMB562.3 million and RMB653.9 million, respectively. During the Track Record Period, we did not encounter any incident of default by purchasers and did not record any loss in this regard.

As of August 31, 2013, the most recent date for purposes of this confirmation, there were no material change in our contingent liability since June 30, 2013 other than disclosed in this section. Save as otherwise disclosed, there has been no material outstanding debt securities, term loans, bank drafts, liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees as of the latest practicable date for purposes of confirming such information in this prospectus.

COMMITMENTS

Commitments on Development Costs

The following table sets forth our commitments in respect of property development expenditures as of the dates indicated. Our commitments were primarily related to the development costs contracted but not provided for as of these dates.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Contracted but not provided for.	686,351	123,645	1,222,759	1,396,353

Operating Lease Commitment

We lease a number of properties for our internal use under operating leases. See “Business – Properties For Our Own Use.” The leases typically have an initial term of one to five years, with an option to renew based on renegotiated lease terms. The following table sets forth our operating lease commitments as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Within 1 year.	65	4,772	9,537	10,272
After 1 but within 5 years	–	15,659	16,421	14,296
After 5 years	–	–	–	–
Total	65	20,431	25,958	24,568

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KEY FINANCIAL RATIOS

The following table sets out our current ratios, gearing ratios, return on assets and return on equity as of the dates or for the periods indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Current ratio	1.09	1.40	1.57	1.32
Gearing ratio	1.6%	20.6%	25.9%	15.9%
	For the Year Ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
Return on assets	1.1%	9.4%	5.3%	(2.8)%
Return on equity	7.3%	81.5%	30.1%	(21.6)%

Our current ratio is calculated by dividing current assets by current liabilities as of the end of the respective reporting period. Our current ratio increased from 1.09 as of December 31, 2010 to 1.40 as of December 31, 2011, as we relied more on long-term borrowings to finance our property development activities in 2011 compared to 2010. Our current ratio increased from 1.40 as of December 31, 2011 to 1.57 as of December 31, 2012, reflecting our continued efforts to finance our property development activities through proceeds of equity issuance and to retain profit generated from our business operations. Our current ratio decreased to 1.32 as of June 30, 2013, reflecting our continued construction and pre-sale activities during the six months ended June 30, 2013.

Our gearing ratio is calculated by dividing total debt by total assets as of the end of the respective reporting period and multiplying by 100%. Total debt is calculated as the sum of bank loans and other borrowings and Preferred Shares. Our gearing ratio increased from 1.6% as of December 31, 2010 to 20.6% as of December 31, 2011 and further to 25.9% as of December 31, 2012, reflecting our continued increase in utilization of indebtedness, including bank loans, other borrowings and the issuance of Preferred Shares, to support our enlarged scale of property development operations during the Track Record Period. Our gearing ratio decreased to 15.9% as of June 30, 2013, primarily reflecting increases in the balances of our cash and cash equivalent and inventory due to our continued pre-sale and construction activities during the six months ended June 30, 2013.

Our return on assets equals our profit for the year divided by average total assets as of the end of the respective reporting period and multiplying by 100%. The average total assets represents the arithmetic mean of the opening and ending balance of total assets during the relevant period. Our return on assets increased from 1.1% in 2010 to 9.4% in 2011, reflecting our increase in profitability and efficiency on utilization of assets. Our return on assets decreased from 9.4% in 2011 to 5.3% in 2012, reflecting primarily the financial charges

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associated with our Preferred Shares and our expansion in operational scale, partially offset by our continued increase in profitability and efficiency on utilization of assets. We recorded a negative return on assets in the six months ended June 30, 2013 as we recorded a net loss during the period, reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013.

Our return on equity equals our profit for the respective reporting period divided by the average total equity as of the end of the respective reporting period and multiplying by 100%. The average total equity represents the arithmetic mean of the opening and ending balance of total equity during the relevant period. Our return on equity increased from 7.3% in 2010 to 81.5% in 2011, reflecting a combined effect of our increase in profitability and efficiency on utilization of assets and our increase in utilization of bank loans, other borrowings and Preferred Shares to finance our business operations. Our return on equity decreased from 81.5% in 2011 to 30.1% in 2012, primarily reflecting the effect of the financial charges of our Preferred Shares and the proceeds received from our Pre-IPO Investors towards the end of 2012. We recorded a negative return on equity in the six months ended June 30, 2013 as we recorded a net loss during the period, reflecting the characteristics of our current delivery schedule as most properties scheduled to be delivered in 2013 are expected to be in the last quarter of 2013.

LISTING EXPENSES

In the years ended 2010, 2011 and 2012 and the six months ended June 30, 2013, we have incurred listing expenses of nil, nil, RMB9.8 million and RMB14.6 million, respectively, which have been charged to our administrative expenses. We currently expect to incur further expenses amounting to RMB12.4 million subsequent to the end of the Track Record Period. We do not expect such expenses to have a material adverse impact to our financial results for the year ending December 31, 2013.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. These risks are limited by our financial management policies and practices described below.

Credit Risk

Our credit risk is primarily attributable to bank deposits and trade and other receivables. We maintain a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and we have exposure limits to any single financial institution. Given their high credit ratings, management does not expect that any of these financial institutions will fail to meet their obligations.

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An aging analysis of the receivables is prepared on a regular basis and is closely monitored to minimize any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts. We have no concentrations of credit risk in view of our large number of customers. We did not record material bad debts losses during the years ended December 31, 2010, 2011 and 2012 or the six months ended June 30, 2013.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for financial guarantees, we do not provide any other guarantees which would expose us to credit risks.

Liquidity Risk

We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, sale and pre-sale results of 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 long terms. Our policy is to regularly monitor liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, major financial institutions to meet our liquidity requirements in the short and long term.

The following tables set forth our contractual cash flow by type on an undiscounted basis as of the dates indicated. We excluded receipts in advance, which we expect to settle by delivery of completed properties.

As of December 31, 2010						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
In thousands of RMB						
Bank loans and other borrowings	12,504	20,089	–	–	32,593	30,000
Trade and other payables	616,464	543	–	–	617,007	1,377,023
Amounts due to related parties	149,596	–	–	–	149,596	149,596
Total	778,564	20,632	–	–	799,196	1,556,619

As of December 31, 2011						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
In thousands of RMB						
Bank loans and other borrowings	67,213	44,379	–	–	111,592	103,000
Trade and other payables	563,732	54,508	–	–	618,240	1,720,562
Amounts due to related parties	37,067	–	–	–	37,067	37,067
Preferred shares	–	–	726,530	–	726,530	511,545
Total	668,012	98,887	726,530	–	1,493,429	2,372,174

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As of December 31, 2012

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	In thousands of RMB					
Bank loans and other borrowings	754,404	60,429	–	–	814,833	749,000
Trade and other payables	909,440	52,262	–	–	961,702	1,712,620
Amounts due to related parties	1,228	–	–	–	1,228	1,228
Preferred shares	–	726,530	–	–	726,530	581,412
Total	1,665,072	839,221	–	–	2,504,293	3,044,260

As of June 30, 2013

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	In thousands of RMB					
Bank loans and other borrowings	170,167	228,540	521,368	30,565	950,640	796,850
Trade and other payables	1,048,466	137,278	–	–	1,185,744	5,191,267
Preferred shares	–	726,530	–	–	726,530	608,366
Total	1,218,633	1,092,348	521,368	30,565	2,862,914	6,596,483

Interest Rate Risk

Our interest rate risk arises primarily from cash and cash equivalents, restricted cash and bank loans issued at variable rates. We do not anticipate a significant impact to cash and cash equivalents and the restricted cash 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.

At December 31, 2010, 2011 and 2012 and June 30, 2013, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease our profit/(loss) after tax and total equity attributable to equity shareholders of the Company by approximately nil, nil, RMB13,000 and nil, respectively. Other components of consolidated equity would not be affected by the changes in interest rates. Such sensitivity analysis indicates the instantaneous change in our profit/(loss) after tax and retained profits and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure the financial instruments we hold which expose us to interest rate risk at the end of each reporting period. The analysis is performed on the same basis for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

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Currency Risk

We are exposed to foreign currency risk primarily on bank deposits. The currencies giving rise to this risk are primarily US dollars. The following table sets forth our exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate as of the dates indicated. All amounts of the exposure are shown in RMB, translated using the spot rate at the end of each relevant period.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	In thousands of RMB			
Cash and cash equivalents				
– denominated in USD.	–	20,071	72,053	45,724
Net exposure arising from recognized assets and liabilities	–	20,071	72,053	45,724

Fair Values

Except for the Preferred Shares, the carrying amounts of all financial assets and liabilities carried at amortized cost approximate their respective fair values as at December 31, 2010, 2011 and 2012 and June 30, 2013.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the contingent liabilities disclosed above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging services with us.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Subject to the Companies Law, through a general meeting, we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve of our Company lawfully available for distribution, including share premium.

Except insofar as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect 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 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.

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Our 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 us on account of calls or otherwise. In addition, the declaration of dividends is subject to the discretion of our Board, and the amounts of dividends actually declared and paid will also depend on the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our Shareholders; and
- any other factors which the Board may deem relevant.

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from IFRS. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future. Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders' approval.

We did not pay any dividends during the years ended December 31, 2010, 2011 and 2012 or the six months ended June 30, 2013. Considering our financial position, we currently intend, in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders no more than 50% of any core net profit from our Company derived during the year for the fiscal year ending December 31, 2013. As of June 30, 2013, our distributable reserves were nil.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of our 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 Listing as if the Listing had taken place on June 30, 2013. Such information is prepared based on our net tangible assets as of June 30, 2013 and adjusted as described below:

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of June 30, 2013 ⁽¹⁾	Estimated impact to the consolidated net tangible assets attributable to equity shareholders of the Company upon the automatic conversion of redeemable convertible preference shares ⁽²⁾	Estimated net proceeds from the Global Offering ⁽³⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company ⁽⁴⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share ⁽⁴⁾⁽⁵⁾	
	RMB'000	RMB'000	RMB'000	RMB'000	In RMB	In HK\$
Based on an Offer Price of HK\$1.85 per Share	720,389	944,382	1,075,336	2,740,107	0.68	0.85
Based on an Offer Price of HK\$2.45 per Share	720,389	944,382	1,430,945	3,095,716	0.77	0.97

Notes:

- (1) The consolidated net tangible assets attributable to the equity shareholders of the Company as of June 30, 2013 is based on the consolidated net assets attributable to the equity shareholders of the Company of RMB723.3 million as of June 30, 2013 after deduction of the goodwill and intangible assets of RMB2.2 million and RMB0.7 million, respectively, as of the date as set out in Appendix I to this prospectus.
- (2) Conditional upon the Global Offering, the Company's redeemable convertible preference shares will be automatically converted to ordinary shares; whereby the carrying amounts of the redeemable convertible preference shares and the embedded derivative liabilities on redeemable convertible preference shares, which amounted to RMB608.4 million and RMB336.0 million, respectively, as of the date as set out in Appendix I to this prospectus, will be transferred to the Company's equity.
- (3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.85 and HK\$2.45 per Share, respectively, after deduction of the underwriting fees and other estimated related fees and expenses; and do not take into account any Shares which may be issued pursuant to the Over-allotment Option or any Shares which may be issued upon the exercise of the options which may be granted under the Pre-IPO Share Option Scheme or any Shares which may be granted and issued or repurchased by our Company pursuant to the general mandate and the Repurchase Mandate. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate of HK\$1.00 to RMB0.7966.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company and the amount per Share are arrived at after the adjustments as described in notes 2 and 3 above and on the basis that 4,018,000,000 Shares (including the Shares in issue as of June 30, 2013, and Shares that may be issued under the Capitalization Issue, the Global Offering and the automatic conversion of redeemable convertible preference shares) in issue immediately following the completion of the Capitalization Issue and the Global Offering but takes no account of any Shares which may be issued pursuant to the Over-allotment Option or of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme or of any Shares which may be granted and issued or repurchased by our Company pursuant to the general mandate and the Repurchase Mandate. For illustrative purpose, the unaudited pro forma adjusted net tangible assets per Share is translated from Renminbi into Hong Kong dollars at the exchange rate of HK\$1.00 to RMB0.7966.
- (5) As of July 31, 2013, our properties under development and completed properties held for sale were valued by Savills Valuation and Professional Services Limited, an independent valuer. We do not incorporate the revaluation surplus, representing the excess of market value of these property interests over their book value, in our consolidated financial information as of June 30, 2013 because our properties under development and completed properties held for sale are stated at the lower of cost and net realizable value for accounting purpose. The above adjustments do not take into account such revaluation surplus.
- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2013.

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RECENT DEVELOPMENT

The following discussion of the selected financial information, including turnover, cost of sales, gross profit and listing expenses, for the eight months ended August 31, 2013 is based on our unaudited consolidated financial statements prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and reviewed by the Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by Hong Kong Institute of Certified Public Accountants for such relevant period. For additional information regarding the various risks and uncertainties inherent in financial information of this type, see “Forward-looking Statements.” Our financial information during such period is not indicative of our actual results or the results for any future periods. The financial information below should be read in conjunction with our audited financial statements for the Track Record Period and related notes and other financial information, included elsewhere in this prospectus. Please also refer to the discussions elsewhere in this section for information regarding trends and other factors that may influence our results of operations.

For the eight months ended August 31, 2013, our turnover, cost of sales, gross profit, finance cost, change in fair value of embedded derivative on Preferred Shares and listing expenses were approximately RMB249.4 million, RMB130.4 million, RMB119.0 million, RMB52.2 million, RMB63.9 million and RMB17.3 million, respectively. We do not expect our listing expenses to have a material adverse impact on our financial results for the year ending December 31, 2013. In addition, the Preferred Shares will be automatically converted to our Shares immediately upon the completion of the Global Offering and liability associated with the Preferred Shares will be converted into equity capital of our Group. For a description of any material bank loans and borrowings incurred after the end of the Track Record Period to August 31, 2013, the most recent practicable date for purposes of discussing such information, see “– Indebtedness.”

Our Directors confirm that, as of the date of this prospectus, save as otherwise disclosed above, there was no material adverse change in our financial, operational or trading position subsequent to the Track Record Period.

PROPERTY INTERESTS AND PROPERTY VALUATION

Savills Valuation, an independent property valuer, has valued our property interests as of July 31, 2013 and is of the opinion that the aggregate value of our property interests as of such date was RMB17,502.0 million (the value attributable to our Group was RMB17,451.8 million). The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

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The statement below shows the reconciliation of aggregate amounts of certain properties as reflected in the consolidated financial information as of June 30, 2013 as set out in Appendix I to this prospectus with the valuation of these properties as of July 31, 2013 as set out in Appendix III to this prospectus.

	In millions of RMB
Net book value of the following properties as of June 30, 2013	
– Buildings for office use included in property, plant and equipment. . .	9
– Properties under development for sale	2,841
– Completed properties held for sale	863
– Properties held for future development for sale.	1,542
	<u>5,255</u>
 Add: Additions of properties held or under development for sale during the period from June 30, 2013 to July 31, 2013	 <u>281</u>
Net book value as of July 31, 2013	5,536
Net valuation surplus	<u>11,966</u>
 Valuation of properties owned by our Group as of July 31, 2013 as set out in the property valuation report in Appendix III to this prospectus	 <u>17,502</u>

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business – Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$2.15 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$1,583.6 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. For additional information as to underwriting fees and commissions and estimated expenses, see “Underwriting.”

We intend to use the net proceeds of the Global Offering for the following purposes:

- Approximately 90% (or approximately HK\$1,425.2 million) will be used for the financing of expenditures to be incurred in connection with future development activities, including (i) development of our projects under development and projects held for future developments, (ii) other development properties subject to master investment agreements, including funds to be used to acquire land-use rights, and
- Approximately 10% (or approximately HK\$158.4 million) for working capital and other general corporate purposes.

The use of proceeds shown above will be adjusted proportionally in the event that the final Offer Price is fixed at a higher or lower level compared to the midpoint of the offer price range or that the Over-allotment Option is exercised.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will invest the net proceeds in short-term demand deposits or money market instruments with reputable commercial banks in China or Hong Kong.

UNDERWRITING

HONG KONG UNDERWRITERS

Joint Global Coordinators

UBS AG, Hong Kong Branch
Morgan Stanley Asia Limited

Joint Bookrunners

UBS AG, Hong Kong Branch
Morgan Stanley Asia Limited
ABCI Capital Limited
CIMB Securities Limited
China Merchants Securities (HK) Co., Limited
ICBC International Capital Limited
BOCOM International Securities Limited

Joint Lead Managers

UBS AG, Hong Kong Branch
Morgan Stanley Asia Limited
ABCI Securities Company Limited
CIMB Securities Limited
China Merchants Securities (HK) Co., Limited
ICBC International Securities Limited
BOCOM International Securities Limited

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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. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 76,826,000 Hong Kong Offer Shares and the International Offering of initially 691,430,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

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UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and the Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (A) there shall develop, occur, exist or come into effect:
 - (a) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or
 - (b) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

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- (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (d) 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), the United States, the United Kingdom, the PRC, the Cayman Islands, the European Union (or any member thereof) or Japan, 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
- (e) any new law or regulation, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws or regulations, in each case, in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the United Kingdom, the European Union (or any member thereof) or Japan; or
- (f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC; or
- (g) 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 Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in Hong Kong, the PRC, the United States, the Cayman Islands, the United Kingdom, the European Union (or any member thereof) or Japan; or
- (h) any litigation or claim of any third party being threatened or instigated against any member of the Group; or
- (i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (j) the chairman or chief executive officer of the Company vacating his office; or
- (k) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

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- (l) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (m) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (n) 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 opinion of the Joint Global Coordinators (1) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(B) there has come to the notice of the Joint Global Coordinators:

- (a) that any statement contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

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- (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from any of this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement (other than upon any of the Hong Kong Underwriters); or
- (d) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties under the Hong Kong Underwriting Agreement; or
- (e) 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
- (f) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings of the warrantors under the Hong Kong Underwriting Agreement; or
- (g) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option and any Shares that may be issued pursuant to the exercise of options that are granted under the Pre-IPO Share Option Scheme) 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
- (h) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings

By the Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six

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months from the date on which our securities first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or any of the circumstances provided under Rule 10.08 of the Listing Rules.

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the expiry of six months from the Listing Date (the “**First Six-Month Period**”), we will not without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the 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 a mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable);
- (c) enter into any transactions with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) offer to or agree to or announce, or publicly disclose, any intention to effect any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise

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(whether or not the issue of the Shares or such other securities will be completed within the aforesaid period), provided that the foregoing restrictions shall not apply to the issue of Shares by the Company pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), we enter into any of the transactions specified in paragraph (a), (b) or (c) above or offer to or agree to or announce, or publicly disclose, any intention to effect any such transaction, we have undertaken to take all reasonable steps to ensure that such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of the Company.

By the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to us and the Stock Exchange that, except pursuant to the Global Offering (including any transaction as contemplated under the Stock Borrowing Agreement), he, she or it shall not and shall procure that the relevant registered shareholder(s) shall not:

- (i) in the period commencing on the date by reference to which disclosure of his, her or its shareholding in the Company is made in this prospectus and ending on the date on which the First Six-month Period expires, dispose of, or 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 he, she or it is shown by this prospectus to be the beneficial owner; and
- (ii) in the Second Six-Month Period dispose of, or 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 the immediately preceding paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he, she or it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

Further, each of the Controlling Shareholders has undertaken to us and the Stock Exchange that he, she or it will, within the period commencing on the date by reference to which disclosure of his, her or its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date:

- (i) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of the Company beneficially owned by him, her or it for a bona fide commercial loan, immediately inform the Company, the Joint Global Coordinators and the Joint Sponsors in writing of such pledge or charge together with the number of such Shares or securities so pledged or charged; and

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- (ii) upon any indication received by him, her or it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators and the Joint Sponsors in writing of such indication.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders.

Under the Hong Kong Underwriting Agreement, each of the Ultimate Controlling Shareholders and Most Trend has undertaken to each of us, the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) he or it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, or shares of Most Trend or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or shares of Most Trend), or deposit any Shares or other securities of the Company or shares or other securities of Most Trend with a depositary connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of Most Trend or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or shares of Most Trend), or (c) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (a), (b) or (c) above, in each case, whether any of the transactions specified in sub-paragraph (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of Most Trend or in cash or otherwise (whether or not the issue of such Shares or other securities of the Company or shares or other securities of Most Trend, will be completed within the First Six-Month Period);
- (ii) he or it will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraph (a), (b) or (c) under paragraph (i) above or

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offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he or it will cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; and

- (iii) until the expiry of the Second Six-Month Period, in the event that he or it enters into any of the transactions specified in sub-paragraph (a), (b) or (c) under paragraph (i) above or offers to or agrees to or announces any intention to effect any such transaction, he, she or it will take all reasonable steps to ensure that he or it will not create a disorderly or false market in the securities of the Company.

Each of the Ultimate Controlling Shareholders and Most Trend has further undertaken under the Hong Kong Underwriting Agreement to us, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters in terms similar to those contemplated by Note (3) to Rule 10.07(2) of the Listing Rules, and that he, she or it will procure the Company to procure that none of the Directors nor their respective associates (as defined in the Listing Rules) will apply for any of the Offer Shares pursuant to the Global Offering, either directly or indirectly, whether in his, her or their own name or through nominees unless permitted to do so under the Listing Rules and having obtained confirmation to that effect.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in the Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the

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International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 115,238,000 Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses and Joint Sponsors' Fee

We will pay the Underwriters a commission of 2.0% of the aggregate Offer Price in respect of all the Offer Shares (including any Shares to be issued pursuant to the exercise of the Over-allotment Option but excluding (i) the Offer Shares subscribed for by the Cornerstone Investors and (ii) the Offer Shares purchased by certain investors (the “**Excluded Investors**”) as agreed to as of the date of the International Underwriting Agreement, the aggregate amount of which shall be agreed between the Company and the Joint Global Coordinators). In addition, we may at our sole discretion pay an incentive fee of such amount determined by us in our sole discretion to any or all of the Joint Bookrunners.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$68.15 million (assuming (i) an Offer Price of HK\$2.15 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), (ii) there being no Excluded Investors, (iii) the discretionary incentive fee is not paid, and (iv) the Over-allotment Option is not exercised at all), are payable and borne by the Company.

An aggregate amount of US\$3 million is payable by the Company as sponsor fees to the Joint Sponsors.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

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The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of 76,826,000 Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the section headed “– The Hong Kong Public Offering” below; and
- (b) the International Offering of an aggregate of 691,430,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the Securities Act.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 76,826,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering will represent approximately 1.91% of the enlarged share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options under the Pre-IPO Share Option Scheme).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed “– Conditions of the Global Offering” below.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of 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 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 Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 38,414,000 and 38,412,000, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the 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 Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of 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 38,412,000 Hong Kong Offer Shares (being approximately 50% of the 76,826,000 Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under 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 76,826,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

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- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of 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 Offer Shares available under the Hong Kong Public Offering will be 230,480,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of 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 Offer Shares available under the Hong Kong Public Offering will be 307,304,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of 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 Offer Shares available under the Hong Kong Public Offering will be 384,128,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate. If the International Offering is not fully subscribed, the Joint Global Coordinators may decide in their absolute discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering.

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 that he and any person(s) for whose benefit he 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 it has been or will be placed or allocated Offer Shares under the International Offering.

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Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$2.45 per Offer Share plus brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed “– Pricing and Allocation” below, is less than the maximum price of HK\$2.45 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and 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 the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

The International Offering will consist of an initial offering of 691,430,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering.

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 the Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the section headed “– Pricing and Allocation” below 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 the 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 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 the Company and the Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of

STRUCTURE OF THE GLOBAL OFFERING

applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 115,238,000 Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

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 any decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the 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, the 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 of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;

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- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Friday, November 22, 2013, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliate or any person acting on their behalf may cover such over-allocation by, among other methods, using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 115,238,000 Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 115,238,000 Shares from Most Trend pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rule 10.07(3).

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed by agreement between the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date, which is expected to be on or about Thursday, October 24, 2013 and in any event no later than Monday, October 28, 2013.

The Offer Price will not be more than HK\$2.45 per Offer Share and is expected to be not less than HK\$1.85 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 Offer Price range stated in this prospectus.

The Joint Global Coordinators (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 our consent, reduce the number of Offer Shares and/or the Offer Price range below 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 a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Company (www.hydoo.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus. Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Wednesday, October 30, 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Company (www.hydoo.com.cn) and the website of the Stock Exchange (www.hkexnews.hk).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) agreeing the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-allotment Option and any Shares that may be allotted and issued pursuant to the exercise of any options under the Pre-IPO Share Option Scheme) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on or before Monday, October 28, 2013, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.hydoo.com.cn on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies” in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional (including the Underwriting Agreements not having been terminated in accordance with their terms at any time prior to 8:00 a.m. on the Listing Date).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-allotment Option) and to any exercise of options granted under the Pre-IPO Share Option Scheme.

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the 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.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. on October 31, 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on October 31, 2013. The Shares will be traded in board lots of 2,000 Shares. The stock code of the Shares is 1396.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; 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 FOR HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at 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 Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, October 18, 2013 until 12:00 noon on Wednesday, October 23, 2013 from:

- (1) the following offices of the Hong Kong Underwriters:

UBS AG, Hong Kong Branch	52/F, Two International Finance Centre 8 Finance Street, Central, Hong Kong
Morgan Stanley Asia Limited	Level 46, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

ABCI Securities Company Limited	Room 701, 7/F, One Pacific Place 88 Queensway, Hong Kong
CIMB Securities Limited	Units 7706-08 Level 77 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
China Merchants Securities (HK) Co., Limited	48/F, One Exchange Square Central, Hong Kong
ICBC International Securities Limited	37/F ICBC Tower, 3 Garden Road Hong Kong
BOCOM International Securities Limited	9th Floor, Man Yee Building 68 Des Voeux Road Central, Hong Kong

- (2) or any of the following branches of **Bank of China (Hong Kong) Limited** and **Wing Lung Bank Limited**:

(i) **Bank of China (Hong Kong) Limited**

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai
Kowloon	Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O
New Territories	Castle Peak Road (Yuen Long) Branch	162 Castle Peak Road, Yuen Long

(ii) **Wing Lung Bank Limited**

	Branch Name	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central
	North Point Branch	361 King's Road
Kowloon	Mongkok Branch	B/F Wing Lung Bank Centre, 636 Nathan Road
	To Kwa Wan Branch	64 To Kwa Wan Road
New Territories	Tsuen Wan Branch	251 Sha Tsui Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, October 18, 2013 until 12:00 noon on Wednesday, October 23, 2013 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 **Bank of China (Hong Kong) Nominees Limited – Hydoo International 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:

Friday, October 18, 2013	– 9:00 a.m. to 5:00 p.m.
Saturday, October 19, 2013	– 9:00 a.m. to 1:00 p.m.
Monday, October 21, 2013	– 9:00 a.m. to 5:00 p.m.
Tuesday, October 22, 2013	– 9:00 a.m. to 5:00 p.m.
Wednesday, October 23, 2013	– 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on October 23, 2013, 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.

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 authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, 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 Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective

HOW TO APPLY FOR HONG KONG OFFER SHARES

directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(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 check(s) in person;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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 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 through the **White Form eIPO** Service 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 authorise 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 through the White Form eIPO Service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on October 18, 2013 until 11:30 a.m. on October 23, 2013 and the latest time for completing full

HOW TO APPLY FOR HONG KONG OFFER SHARES

payment of application monies in respect of such applications will be 12:00 noon on October 23, 2013 or such later time under the “Effects of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies 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 Hong Kong Companies Ordinance (as applied by Section 342E of the Companies 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 eIPO Service Provider, will contribute HK\$2 for each “Hydoo International Holding Limited” **White Form eIPO** application submitted via the **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 Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- 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 and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, October 18, 2013	– 9:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, October 19, 2013	– 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, October 21, 2013	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, October 22, 2013	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, October 23, 2013	– 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on October 18, 2013 until 12:00 noon on October 23, 2013 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on October 23, 2013, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies 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 Ordinance (as applied by Section 342E of the Companies 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 advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on October 23, 2013.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple application for the Hong Kong 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 Stock Exchange.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **White** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering – Pricing and Allocation”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 a.m. on October 23, 2013. 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 October 23, 2013 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on October 30, 2013 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at www.hydoo.com.cn and the website of the 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.hydoo.com.cn and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on October 30, 2013;
- 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 October 30, 2013 to 12:00 midnight on November 5, 2013;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from October 30, 2013 to November 2, 2013;
- in the special allocation results booklets which will be available for inspection during opening hours from October 30, 2013 to November 1, 2013 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the White Form eIPO Service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be

HOW TO APPLY FOR HONG KONG OFFER SHARES

revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

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- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$2.45 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the 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 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 October 30, 2013.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic **application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund check(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus

HOW TO APPLY FOR HONG KONG OFFER SHARES

application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund checks and share certificates are expected to be posted on or around October 30, 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid 8:00 a.m. on October 31, 2013 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 Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or 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 October 30, 2013 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 check(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 Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on October 30, 2013, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above.

If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on October 30, 2013, 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 October 30, 2013, 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 Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS Investor Participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on October 30, 2013 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from 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 October 30, 2013, 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 checks.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on October 30, 2013 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 and at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on October 30, 2013, 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 October 30, 2013. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on October 30, 2013 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating

HOW TO APPLY FOR HONG KONG OFFER SHARES

Guide for Investor Participants” in effect from time to time) on October 30, 2013. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on October 30, 2013.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements 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, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

18 October 2013

The Board of Directors
Hydoo International Holding Limited

UBS Securities Hong Kong Limited

Morgan Stanley Asia Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Hydoo International Holding Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 (the “Relevant Periods”), together with the explanatory notes thereto (the “Financial Information”), for inclusion in the prospectus of the Company dated 18 October 2013 (the “Prospectus”).

The Company was incorporated in the Cayman Islands on 19 October 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (as consolidated and revised) of the Cayman Islands, under the name of Howard International Holding Limited. The Company changed its name to Hydoo International Holding Limited on 21 August 2012. Pursuant to a group reorganisation completed on 18 May 2011 (the “Reorganisation”) as detailed in the section headed “History and Corporate Structure” in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below.

As at the date of this report, no audited financial statements have been prepared for the Company since its date of incorporation as it is an investment holding company not subject to statutory audit requirements under the relevant rules and regulations in the Cayman Islands in the respective years/period.

All companies now comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in Note 34 of Section C. The statutory financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the jurisdictions in which they were incorporated or established.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period (the “Underlying Financial Statements”) on the same basis as used in the preparation of the Financial Information as set out in Sections A and C below. The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline “Prospectuses and the Reporting Accountant” (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2013.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, on the basis of preparation set out in Section A below, a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 and the Group's consolidated results and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2012, together with the notes thereon (the “Corresponding Financial Information”), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review 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 Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 19 October 2010 and became the holding company of the companies now comprising the Group pursuant to the Reorganisation completed on 18 May 2011, as detailed in the section headed “History and Corporate Structure” in the Prospectus. The principal activities of the Group are development, sales and operation of large-scale commercial trade and logistics centers and residential properties (collectively the “Core Business”) in the People’s Republic of China (the “PRC”).

All the companies now comprising the Group that took part in the Reorganisation were ultimately controlled by Mr. Wong Choihing, Mr. Wang Dewen, Mr. Wang Jianli, Mr. Wang Quanguang, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheungtak (“the Controlling Shareholders”) during the Relevant Period (or where the entity was established at a date later than 1 January 2010, for the period from the date of establishment to 30 June 2013) and both before and after the Reorganisation. Since there is a continuation of the risks and benefits to the Controlling Shareholders, the Reorganisation is considered to be a combination of entities under common control. The Financial Information has been prepared using the principles of merger accounting as if the current group structure had always been in existence. The net assets of the companies now comprising the Group are consolidated using the existing book values from the Controlling Shareholders’ perspective.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements of the Group as set out in Section B include the results of operations of the Company and its subsidiaries for the Relevant Period (or where the Company or its subsidiaries were incorporated or established at a date later than 1 January 2010, for the period from the date of incorporation or establishment to 30 June 2013) as if the Reorganisation was completed at the beginning of the Relevant Period. The consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 as set out in Section B have been prepared to present the consolidated assets and liabilities of the companies now comprising the Group as at the respective dates.

All material intra-group transactions and balances have been eliminated on consolidation.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Date and place of incorporation/ establishment	Issued/ paid-in/ registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
Hongkong Hydoo Group Investment Company Limited 香港毅德集團投資有限公司	18 January 2002 Hong Kong	HK\$100,000/ HK\$10,000,000	100%	–	Investment management
Hongkong Hydoo Holding Limited 香港毅德控股有限公司	25 March 2013 Hong Kong	HK\$Nil/ HK\$10,000,000	100%	–	Investment management
Hydoo Estate (Ganzhou) Company Limited ("Hydoo Estate (Ganzhou)") 毅德置業(贛州)有限公司*	16 July 2002 The PRC	USD22,050,000/ USD22,050,000	–	100%	Property development and investment holding
Ningxiang Hydoo Guangcai Trade Centre Development Company Limited ("Ningxiang Property Development") 寧鄉毅德光彩貿易廣場開發有限公司*	6 August 2009 The PRC	RMB60,000,000/ RMB60,000,000	–	100%	Property development
Jining Hydoo Modern Industrial Company Limited ("Jining Hydoo") 濟寧毅德現代實業有限公司*	13 January 2010 The PRC	RMB30,000,000/ RMB30,000,000	–	100%	Property development
Jining Hydoo Logistics Center Development Company Limited 濟寧毅德物流城開發有限公司*	2 February 2010 The PRC	RMB200,000,000/ RMB200,000,000	–	100%	Property development
Mianyang West Modern Trade Center Development Company Limited 綿陽西部現代物流城開發有限公司*	20 December 2010 The PRC	RMB200,000,000/ RMB200,000,000	–	100%	Property development
Guangxi Yulin Modern Trade Center Development Company Limited 廣西玉林現代物流城開發有限公司*	22 March 2011 The PRC	RMB220,000,000/ RMB220,000,000	–	100%	Property development
Ningxiang Hydoo Guangcai Trade Center Property Services Company Limited 寧鄉毅德光彩貿易廣場物業服務有限公司*	15 April 2011 The PRC	RMB2,000,000/ RMB2,000,000	–	100%	Property management services
Jining Hydoo Modern Logistics Company Limited 濟寧毅德現代物流有限公司*	2 September 2011 The PRC	USD99,000,000/ USD99,000,000	–	100%	Property management services
Shenzhen Hydoo Investment Management Company Limited 深圳市毅德投資管理有限公司*	27 October 2011 The PRC	RMB30,000,000/ RMB30,000,000	–	100%	Investment management
Yulin Hydoo Property Management Services Co., Ltd. 玉林毅德物業管理服務有限公司*	4 January 2012 The PRC	RMB1,000,000/ RMB1,000,000	–	100%	Property management services
Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Logistics Park") 贛州毅德商貿物流園開發有限公司*	5 March 2012 The PRC	RMB800,000,000/ RMB800,000,000	–	100%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ paid-in/ registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. 梧州毅德商貿物流城開發有限公司*	4 May 2012 The PRC	RMB200,000,000/ RMB200,000,000	–	100%	Property development
Mianyang Hydoo Property Services Company Limited 綿陽毅德物業服務有限公司*	10 July 2012 The PRC	RMB1,000,000/ RMB1,000,000	–	100%	Property management services
Heze Hydoo Commercial and Trade Center Company Limited 荷澤毅德商貿物流城有限公司*	28 September 2012 The PRC	RMB200,000,000/ RMB200,000,000	–	100%	Property development
Jining Hydoo Commercial Operation and Management Company Limited 濟寧毅德商業營運管理有限公司	12 November 2012 The PRC	RMB2,000,000/ RMB2,000,000	–	100%	Property management services
Xingning Hydoo Commercial and Trade Centre Company Limited 興寧毅德商貿物流城有限公司*	27 December 2012 The PRC	RMB60,000,000/ RMB200,000,000	–	80%	Property development
Ganzhou Hydoo Property Services Company Limited 贛州毅德物業服務有限公司*	6 March 2013 The PRC	RMB3,000,000/ RMB3,000,000	–	100%	Property management services
Yantai Hydoo International Commercial and Trade Centre Company Limited 煙台毅德國際商貿城有限公司*	26 March 2013 The PRC	USDNil/ USD29,900,000	–	100%	Property development
Lanzhou Hydoo Commercial and Trade Center Company Limited 蘭州毅德商貿城有限公司*	20 May 2013 The PRC	RMB200,000,000/ RMB200,000,000	–	100%	Property development
Ganzhou Hydoo Commercial and Operation Management Company Limited 贛州毅德商業營運管理有限公司*	30 May 2013 The PRC	USD10,000,000/ USD50,000,000	–	100%	Property management services
Ganzhou Jiuzhi Property Management Services Company Limited ("Ganzhou Jiuzhi") 贛州市久治物業管理有限公司*	1 March 2002 The PRC	RMB5,200,000/ RMB5,200,000	–	51%	Property management services

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

B FINANCIAL INFORMATION**1 CONSOLIDATED INCOME STATEMENTS**

	Section C Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Turnover	3	95,715	832,683	1,607,114	640,275	189,764
Cost of sales	5(c)	(18,337)	(398,860)	(830,843)	(341,207)	(96,732)
Gross profit		77,378	433,823	776,271	299,068	93,032
Other revenue	4	–	686	1,377	105	4,168
Other net loss	4	–	(79)	(5)	–	–
Selling and distribution expenses		(20,060)	(52,911)	(62,220)	(31,439)	(44,244)
Administrative expenses		(27,515)	(75,618)	(187,722)	(73,742)	(138,417)
Other operating expenses		(5,728)	(4,139)	(6,644)	(482)	(11,784)
Profit/(loss) from operations		24,075	301,762	521,057	193,510	(97,245)
Share of loss of a joint venture	12	(1,407)	(2,541)	(3,111)	(3,111)	–
Gain on disposal of a subsidiary	26(a)	–	–	306,551	–	–
Finance income	5(a)	458	3,007	1,374	646	4,473
Finance costs	5(a)	–	(32,083)	(73,241)	(33,696)	(39,936)
Change in fair value of embedded derivative on redeemable convertible preference shares	5(a)	–	18,583	(292,348)	(179,933)	(48,920)
Profit/(loss) before taxation	5	23,126	288,728	460,282	(22,584)	(181,628)
Income tax	6(a)	(10,953)	(59,751)	(245,491)	(65,949)	(11,580)
Profit/(loss) for the year/period		<u>12,173</u>	<u>228,977</u>	<u>214,791</u>	<u>(88,533)</u>	<u>(193,208)</u>
Attributable to:						
Equity shareholders of the Company		12,173	228,977	216,506	(88,207)	(192,826)
Non-controlling interests		–	–	(1,715)	(326)	(382)
Profit/(loss) for the year/period		<u>12,173</u>	<u>228,977</u>	<u>214,791</u>	<u>(88,533)</u>	<u>(193,208)</u>
Earnings/(losses) per share (Note)						
– Basic (RMB)	9	0.31	5.91	5.55	(2.28)	(4.51)
– Diluted (RMB)	9	0.31	5.57	5.52	(2.28)	(4.51)

Note: The earnings/(losses) per share as presented above has not taken into account the proposed capitalisation issue pursuant to the shareholders' resolution dated 27 September 2013 (Section D) because the proposed capitalisation issue has not become effective as at the date of this report.

The accompanying notes form part of the Financial Information.

2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Section C Note	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) for the year/period	12,173	228,977	214,791	(88,533)	(193,208)
Other comprehensive income for the year/period					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of subsidiaries in other jurisdictions	1,680	4,323	893	(2,581)	15,204
Total comprehensive income for the year/period	13,853	233,300	215,684	(91,114)	(178,004)
Attributable to:					
Equity shareholders of the Company	13,853	233,300	217,399	(90,788)	(177,622)
Non-controlling interests	–	–	(1,715)	(326)	(382)
Total comprehensive income for the year/period	13,853	233,300	215,684	(91,114)	(178,004)

The accompanying notes form part of the Financial Information.

3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section C Note	At 31 December			At 30 June 2013
2010		2011	2012		
RMB'000		RMB'000	RMB'000	RMB'000	
Non-current assets					
Property, plant and equipment	11	6,845	22,679	45,647	48,349
Intangible assets		–	82	441	703
Goodwill	26(b)	–	–	–	2,252
Interest in a joint venture	12	26,504	22,812	–	–
Other non-current financial assets	13(a)	–	19,800	19,800	21,618
Deferred tax assets	14(b)	23,538	47,522	122,247	246,911
		56,887	112,895	188,135	319,833
Current assets					
Inventories	16	1,131,970	1,898,673	3,303,546	5,247,424
Current tax assets	14(a)	5,182	37,874	95,230	163,061
Trade and other receivables, prepayments and deposits	17	134,200	422,477	948,577	536,970
Amounts due from related parties	18	249,618	53,436	796	–
Restricted cash	19	5,161	19,669	22,442	22,977
Available-for-sale investments	13(b)	–	–	–	200,000
Cash and cash equivalents	20(a)	285,828	436,941	584,379	2,364,901
		1,811,959	2,869,070	4,954,970	8,535,333
Current liabilities					
Trade and other payables	21	1,377,023	1,720,562	1,712,620	5,191,267
Bank loans and other borrowings	22	10,000	60,000	689,000	86,350
Current tax liabilities	14(a)	43,058	16,299	225,693	295,904
Amounts due to related parties	23	149,596	37,067	1,228	–
Deferred income	24	80,159	219,490	521,267	885,872
		1,659,836	2,053,418	3,149,808	6,459,393
Net current assets		152,123	815,652	1,805,162	2,075,940
Total assets less current liabilities		209,010	928,547	1,993,297	2,395,773

	Section C Note	At 31 December			At 30 June 2013
		2010	2011	2012	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Bank loans	22	20,000	43,000	60,000	710,500
Deferred income	24	–	–	3,316	5,393
Redeemable convertible preference shares	25	–	511,545	581,412	608,366
Embedded derivative liabilities on redeemable convertible preference shares	25	–	1,329	292,502	336,016
		20,000	555,874	937,230	1,660,275
		<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net assets		<u>189,010</u>	<u>372,673</u>	<u>1,056,067</u>	<u>735,498</u>
Capital and reserves	27				
Paid-in/share capital		90,333	333	365	365
Reserves		<u>98,677</u>	<u>372,340</u>	<u>949,417</u>	<u>722,979</u>
Total equity attributable to equity shareholders of the Company		189,010	372,673	949,782	723,344
Non-controlling interests		–	–	106,285	12,154
Total equity		<u>189,010</u>	<u>372,673</u>	<u>1,056,067</u>	<u>735,498</u>

The accompanying notes form part of the Financial Information.

4 STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Section C Note	At 31 December			At 30 June 2013
		2010	2011	2012	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Interests in subsidiaries	15	84	485,210	859,721	844,889
Current assets					
Trade and other receivables, prepayments and deposits	17	–	–	1,790	4,656
Cash and cash equivalents	20(a)	–	18,941	7,439	7,312
		–	18,941	9,229	11,968
Current liabilities					
Trade and other payables	21	85	81	24,775	32,949
Amounts due to related parties	23	14	4,763	4,754	4,449
		99	4,844	29,529	37,398
Net current (liabilities)/assets		(99)	14,097	(20,300)	(25,430)
Total assets less current liabilities		(15)	499,307	839,421	819,459
Non-current liabilities					
Redeemable convertible preference shares	25	–	511,545	581,412	608,366
Embedded derivative liabilities on redeemable convertible preference shares	25	–	1,329	292,502	336,016
		–	512,874	873,914	944,382
Net liabilities		(15)	(13,567)	(34,493)	(124,923)
Capital and reserves	27				
Share capital		333	333	365	365
Reserves		(348)	(13,900)	(34,858)	(125,288)
Total equity		(15)	(13,567)	(34,493)	(124,923)

The accompany notes form part of the Financial Information.

5 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity shareholders of the Company												
Section C Note	Paid-in/ share capital	Capital reserves	Reserve – transactions with non- controlling interests	PRC statutory reserves	Equity- settled share- based payment reserve			Exchange reserve	Retained profits	Total	Non- controlling interests	Total equity
					Note 27(d)(i)	Note 27(d)(iv)	Note 27(d)(iii)					
At 1 January 2010	27(c)(i)	RMB'000 60,106	RMB'000 –	RMB'000 –	RMB'000 12,228	RMB'000 –	RMB'000 –	RMB'000 8,784	RMB'000 63,812	RMB'000 144,930	RMB'000 –	RMB'000 144,930
Changes in equity for 2010:												
Profit for the year		–	–	–	–	–	–	–	12,173	12,173	–	12,173
Other comprehensive income		–	–	–	–	–	–	1,680	–	1,680	–	1,680
Total comprehensive income for the year		–	–	–	–	–	–	1,680	12,173	13,853	–	13,853
Issuance of share capital upon incorporation of the Company	27(c)(i)	333	–	–	–	–	–	–	–	333	–	333
Capital injection	27(c)(ii)	30,000	–	–	–	–	–	–	–	30,000	–	30,000
Reorganisation	27(c)(iii)	(106)	–	–	–	–	–	–	–	(106)	–	(106)
Appropriation to PRC statutory reserves		–	–	–	4,118	–	–	–	(4,118)	–	–	–
At 31 December 2010		90,333	–	–	16,346	–	–	10,464	71,867	189,010	–	189,010

Attributable to equity shareholders of the Company											
Section C Note	Paid-in/ share capital	Capital reserves	Reserve – transactions with non- controlling interests	PRC statutory reserves	Equity- settled share- based payment reserve		Exchange reserve	Retained profits	Total	Non- controlling interests	Total equity
					Note 27(d)(i)	Note 27(d)(iv)					
					RMB'000	RMB'000					
At 31 December 2010 and 1 January 2011	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes in equity for 2011:	90,333	–	–	16,346	–	–	10,464	71,867	189,010	–	189,010
Profit for the year	–	–	–	–	–	–	–	228,977	228,977	–	228,977
Other comprehensive income	–	–	–	–	–	–	4,323	–	4,323	–	4,323
Total comprehensive income for the year	–	–	–	–	–	–	4,323	228,977	233,300	–	233,300
Equity-settled share-based transaction	–	–	–	–	–	459	–	–	459	–	459
Capital contributions by the Controlling Shareholders	–	39,904	–	–	–	–	–	–	39,904	–	39,904
Reorganisation	(90,000)	–	–	–	–	–	–	–	(90,000)	–	(90,000)
Appropriation to PRC statutory reserves	–	–	–	28,905	–	–	–	(28,905)	–	–	–
At 31 December 2011	333	39,904	–	45,251	459	–	14,787	271,939	372,673	–	372,673

Attributable to equity shareholders of the Company											
Section C Note	Share capital	Capital reserves	Reserve – transactions with non-controlling interests	PRC statutory reserves	Equity-settled share-based payment reserve			Retained profits	Total	Non-controlling interests	Total equity
					Note 27(d)(i)	Note 27(d)(iv)	Note 27(d)(iii)				
At 31 December 2011 and 1 January 2012	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes in equity for 2012:	333	39,904	–	45,251	459	14,787	271,939	372,673	–	–	372,673
Profit for the year	–	–	–	–	–	–	216,506	216,506	(1,715)	–	214,791
Other comprehensive income	–	–	–	–	–	893	–	893	–	–	893
Total comprehensive income for the year	–	–	–	–	–	893	216,506	217,399	(1,715)	–	215,684
Equity-settled share-based transaction	–	–	–	–	6,109	–	–	6,109	–	–	6,109
Capital injection by non-controlling interests to subsidiaries	–	–	–	–	–	–	–	–	108,000	–	108,000
Issuance of new shares to Pre-IPO Investors	32	343,965	–	–	–	–	–	343,997	–	–	343,997
Deemed contribution as a result of disposal of interest in a joint venture	12	–	9,604	–	–	–	–	9,604	–	–	9,604
Appropriation to PRC statutory reserves	–	–	–	23,457	–	–	(23,457)	–	–	–	–
At 31 December 2012	365	393,473	–	68,708	6,568	15,680	464,988	949,782	106,285	–	1,056,067

Attributable to equity shareholders of the Company											
Section C Note	Share capital	Capital Reserves	Reserve – with non- controlling interests	PRC statutory reserves	Equity- settled share based payment reserve		Exchange reserve	Retained Profits	Total	Non- controlling Interests	Total equity
					Note	Note					
					27(d)(i)	27(d)(iv)					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2012 and 1 January 2013	365	393,473	–	68,708	6,568	15,680	464,988	949,782	106,285	1,056,067	
Changes in equity for six months ended 30 June 2013:											
Loss for the period	–	–	–	–	–	–	(192,826)	(192,826)	(382)	(193,208)	
Other comprehensive income	–	–	–	–	–	15,204	–	15,204	–	15,204	
Total comprehensive income for the period	–	–	–	–	–	15,204	(192,826)	(177,622)	(382)	(178,004)	
Acquisition of non- controlling interests	–	–	(51,866)	–	–	–	–	(51,866)	(98,134)	(150,000)	
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	385	385	
Capital injection by non- controlling interests to a subsidiary	–	–	–	–	–	–	–	–	4,000	4,000	
Equity-settled share-based transaction	–	–	–	–	3,050	–	–	3,050	–	3,050	
At 30 June 2013	365	393,473	(51,866)	68,708	9,618	30,884	272,162	723,344	12,154	735,498	

Attributable to equity shareholders of the Company												
Section C Note	Share capital	Capital reserves	Reserve – Transactions with non- controlling interests	PRC statutory reserves	Equity- settled share based payment reserve		Exchange reserve	Retained profits	Total	Non- Controlling interests	Total equity	
					Note 27(d)(i)	Note 27(d)(iv)						
					RMB'000	RMB'000						RMB'000
(Unaudited) At 31 December 2011 and 1 January 2012 <i>Changes in equity for six months ended 30 June 2012:</i>	333	39,904	–	45,251	459	14,787	271,939	372,673	–	372,673	RMB'000	RMB'000
Loss for the period	–	–	–	–	–	–	(88,207)	(88,207)	(326)	(88,533)		
Other comprehensive income	–	–	–	–	–	(2,581)	–	(2,581)	–	(2,581)		
Total comprehensive income for the period	–	–	–	–	–	(2,581)	(88,207)	(90,788)	(326)	(91,114)		
Capital injection by non- controlling interests to a subsidiary	–	–	–	–	–	–	–	–	100,000	100,000		
Deemed contribution as a result of disposal of interest in a joint venture	–	9,604	–	–	–	–	–	9,604	–	9,604		
Equity-settled share-based transaction	–	–	–	–	2,754	–	–	2,754	–	2,754		
At 30 June 2012	333	49,508	–	45,251	3,213	12,206	183,732	294,243	99,674	393,917		

The accompany notes form part of the Financial Information.

6 CONSOLIDATED CASH FLOW STATEMENTS

	Section C Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)				
Operating activities						
Cash generated from/(used in) operations	20(b)	333,684	(277,284)	(919,405)	(592,940)	2,012,920
Taxes paid		(13,146)	(143,186)	(168,178)	(91,432)	(133,864)
Net cash generated from/(used in) operating activities		320,538	(420,470)	(1,087,583)	(684,372)	1,879,056
Investing activities						
Proceeds from disposal of property, plant and equipment		233	436	10	10	–
Proceeds from disposal of an associate		1,320	–	–	–	–
Proceeds from disposal of a subsidiary, net of cash disposed of	26(a)	–	–	220,662	–	240,000
Payment for purchase of property, plant and equipment		(6,479)	(19,864)	(27,261)	(11,019)	(8,441)
Payment for intangible assets		–	(83)	(380)	(44)	(293)
Payment for purchase of other non-current financial assets		–	(19,800)	–	–	–
Payment for purchase of available-for-sale investments		–	–	–	–	(200,000)
Acquisition of a subsidiary, net of cash acquired		–	–	–	–	(1,218)
Dividend received		–	–	–	–	2,201
Interest received		458	2,116	1,374	646	4,473
Net cash (used in)/generated from investing activities		(4,468)	(37,195)	194,405	(10,407)	36,722

	Section C Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Financing activities						
Capital issuance		333	–	343,997	–	–
Capital injection by the Controlling Shareholders		30,000	–	–	–	–
Payments to the Controlling Shareholders upon Reorganisation		(106)	(90,000)	–	–	–
Acquisition of non- controlling interests		–	–	–	–	(150,000)
Decrease/(increase) in amounts due from related parties		45,817	196,182	52,640	(152,269)	796
Decrease in amounts due to related parties		(117,187)	(72,625)	(6,296)	(3,567)	(1,228)
Proceeds from bank loans and other borrowings		–	85,000	690,500	616,000	741,500
(Increase)/decrease in security deposit with a PRC financial institution		–	–	(40,000)	–	40,000
Capital injection by non- controlling interests to a subsidiary		–	–	108,000	100,000	4,000
Proceeds from issue of redeemable convertible preference shares		–	517,130	–	–	–
Repayment of bank loans and other borrowings		(12,500)	(12,000)	(44,500)	(24,000)	(693,650)
Interest and other borrowing costs paid		(3,197)	(3,528)	(60,128)	(9,511)	(73,490)
Net cash (used in)/ generated from financing activities		<u>(56,840)</u>	<u>620,159</u>	<u>1,044,213</u>	<u>526,653</u>	<u>(132,072)</u>
Net increase/(decrease) in cash and cash equivalents		259,230	162,494	151,035	(168,126)	1,783,706
Cash and cash equivalents at 1 January	20(a)	23,898	285,828	436,941	436,941	584,379
Effect of foreign exchange rate changes		<u>2,700</u>	<u>(11,381)</u>	<u>(3,597)</u>	<u>(257)</u>	<u>(3,184)</u>
Cash and cash equivalents at 31 December/30 June	20(a)	<u>285,828</u>	<u>436,941</u>	<u>584,379</u>	<u>268,558</u>	<u>2,364,901</u>

The accompany notes form part of the Financial Information.

C NOTES TO FINANCIAL INFORMATION**1 SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"). The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised IFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2013 are set out in Note 35.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 30 June 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation and presentation

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence, as further explained in Section A.

(c) Basis of measurement

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency").

The Financial Information is presented in Renminbi ("RMB") rounded to the nearest thousand.

The Financial Information is prepared on the historical cost basis except for available-for-sale investments (Note 13(b)) and redeemable convertible preference shares (Note 25) that are measured at fair value and explained in Notes 1(h) and 1(r).

(d) Use of estimates and judgements

The preparation of the Financial Information in conformity with IFRSs requires management to make judgements, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 2.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 1(q), (r), or (s) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(h)) or, when appropriate, the cost on initial recognition of an investment in a joint venture (see Note 1(f)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 1(n)).

(f) Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classified its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the Financial Information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(n)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year/period are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(i)).

(g) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(n)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Available-for-sale investments

Investments in available-for-sale investments are carried at fair value with any change in fair value recognised in other comprehensive income and accumulated separately in equity. When these investments are derecognised or impaired, the cumulative gain or loss is reclassified from equity to the consolidated statement of comprehensive income. Investments in securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised at cost less impairment losses (note 1(n)).

(i) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and a joint venture, are as follows:

Investments in unlisted equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in Note 1(x)(iv) and (v).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see Note 1(n)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(j) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(k) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(n)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(z)).

Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

	Years	Estimated residual value as a percentage of costs
Buildings	20	5%
Motor vehicles	4	5%
Office equipment	3 – 5	3% – 5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognised in the profit or loss as an expense as incurred.

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as property under development for sale or completed property held for sale (see Note 1(o)).

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(m) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(n)(ii)). Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible asset with finite useful life is amortised from the date it is available for use and its estimated useful life is as follows:

Software	5 years

Both the period and method of amortisation are reviewed annually.

(n) Impairment of assets

(i) *Impairment of investments in unlisted equity securities and other receivables*

Investment in unlisted equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each end of the Relevant Period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries, an associate and a joint venture (including those recognised using the equity method (see Note 1(f))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(n)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 1(n)(ii).
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original

effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each end of the Relevant Period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment; and
- Intangible assets.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

(o) Inventories

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including land use right (see Note 1(l)), aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 1(z)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

– Transfers from inventories to investment properties

Transfers from inventories to investment properties shall be made when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party. Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

– Other inventories

Other inventories mainly include low value consumables. Inventories are stated at cost and comprise all costs of purchase. They are computed on a weighted average basis, less provision for obsolescence. When inventories are consumed, the carrying amount of inventories is recognised as an expense in the year in which the consumption occurs. Any obsolete and damaged inventories are written off to the profit or loss.

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see Note 1(n)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in Note 1(q) and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs. Subsequent to initial recognition, the liability is stated at amortised cost.

Where the preference share capital classified as a liability has an embedded derivative, the embedded derivative is measured at fair value as part of derivative financial instruments (see Note 1(j)) on initial recognition. The embedded derivative is remeasured at the end of each reporting period to the fair value. Such remeasurements are shown as part of finance costs in profit or loss.

(s) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(u) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(v) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue

in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset held for use are initially recognised as deferred income and subsequently deducted from the carrying amount of the asset upon meeting the relevant conditions, if any, attaching to them. Grants that compensate the Group for the cost of inventories are initially recognised as deferred income and subsequently deducted from the cost of sales when the inventories are sold upon meeting the relevant conditions, if any, attaching to them.

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of operations are translated into Renminbi ("RMB") at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of each reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(aa) Related parties

- (i) A person, or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Notes 25, 28 and 29 contain information about the assumptions and their risk factors relating to the fair value of redeemable convertible preference shares issued, fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment of inventories

As explained in Note 1(o), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of each reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(b) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of each reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the Directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(c) Provision for PRC Land Appreciation Tax ("LAT")

As explained in Note 6(b), the Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgement is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of each reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

(d) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimates.

(e) Fair value of non-derivative financial instruments

Fair value of non-derivative financial instruments carried at amortised costs, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3 TURNOVER

The principal activities of the Group are development, sales and operation of large-scale commercial trade and logistics centers and residential properties in the PRC.

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

The amounts of each significant category of revenue recognised in turnover during the Relevant Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of properties	95,370	832,627	1,605,907	639,681	187,220
Rental income	345	–	360	170	167
Property management services	–	56	847	424	2,377
	<u>95,715</u>	<u>832,683</u>	<u>1,607,114</u>	<u>640,275</u>	<u>189,764</u>

4 OTHER REVENUE AND OTHER NET LOSS

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other revenue					
Dividend income	–	–	–	–	4,019
Write-off of other payables	–	391	–	–	–
Others	–	295	1,377	105	149
Total	–	686	1,377	105	4,168
Other net loss					
Loss on disposal of property, plant and equipment	–	(79)	(5)	–	–

5 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance income and finance costs

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	(458)	(2,116)	(1,374)	(646)	(4,473)
Foreign exchange gain	–	(891)	–	–	–
Finance income	(458)	(3,007)	(1,374)	(646)	(4,473)
Interest on bank loans and other borrowings	3,197	5,328	61,928	10,453	74,728
Less: Interest expense capitalised into properties under development*	(3,197)	(5,328)	(61,639)	(10,173)	(74,728)
Interest expense	–	–	289	280	–
Foreign exchange loss	–	37	1,548	26	2,772
Finance expense on redeemable convertible preference shares	–	32,046	71,404	33,390	37,164
Finance costs	–	32,083	73,241	33,696	39,936
Change in fair value of embedded derivative on redeemable convertible preference shares	–	(18,583)	292,348	179,933	48,920

* The borrowing costs have been capitalised at a rate of 7.94% to 8.54%, 7.04% to 12.00%, 6.65% to 17.00%, 6.65% to 17.00% (unaudited) and 6.65% to 17.00% per annum for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively.

(b) Staff costs

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	8,728	27,376	66,352	30,596	72,978
Contributions to defined contribution retirement schemes	328	994	3,138	1,557	3,859
Equity-settled share-based payment expenses (<i>Note 28</i>)	–	459	6,109	2,754	3,050
Total	9,056	28,829	75,599	34,907	79,887

(c) Other items

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation and amortisation	1,056	3,516	8,220	3,312	6,521
Auditor's remuneration					
– Audit services	78	63	139	61	61
– Other services	–	14	12	–	121
Loss on disposal of property, plant and equipment	–	79	5	–	–
Operating lease charges	146	2,015	7,420	3,203	4,683
Cost of properties sold (<i>i</i>)	18,149	398,654	829,265	340,547	95,917

- (i) Cost of properties sold is after netting off benefits from government grants of RMB5,408,000, RMB126,592,000, RMB285,162,000, RMB141,902,000 (unaudited) and RMB23,857,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

(a) Income tax in the consolidated income statements represents:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax					
PRC Corporate Income Tax ("CIT") for the year/period	30,051	38,211	259,309	75,282	124,920
LAT for the year/period	4,245	45,524	60,907	17,644	11,324
Deferred tax					
Origination and reversal of temporary differences	(23,343)	(23,984)	(74,725)	(26,977)	(124,664)
	<u>10,953</u>	<u>59,751</u>	<u>245,491</u>	<u>65,949</u>	<u>11,580</u>

(b) Reconciliation between income tax and accounting profit/(loss) at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before taxation	<u>23,126</u>	<u>288,728</u>	<u>460,282</u>	<u>(22,584)</u>	<u>(181,628)</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	5,991	76,031	210,254	49,125	(21,278)
Tax effect of non-deductible expenses	1,778	2,879	5,453	2,992	4,414
Tax effect of non-taxable income	–	(146)	–	–	(1,008)
Tax effect of unused tax loss not recognised	–	44	298	–	4,228
Utilisation of previously unrecognised tax loss	–	–	(1)	–	(51)
LAT (note iv)	4,245	45,524	60,907	17,644	11,324
Tax effect of LAT	(1,061)	(11,381)	(15,227)	(4,411)	(2,831)
Tax effect of adopting prescribed tax calculation method by a PRC subsidiary (note iii)	–	(53,200)	(16,193)	599	–
Under-provision in respect of prior years (note v)	–	–	–	–	16,782
Total income tax	<u>10,953</u>	<u>59,751</u>	<u>245,491</u>	<u>65,949</u>	<u>11,580</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the Relevant Period.

- (iii) The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits. According to the approval from the tax authority in Ningxiang, Hunan Province, Ningxiang Property Development's assessable profits were calculated based on 10% of its gross income for the years ended 31 December 2011 and 2012.

In July 2013, Ganzhou Logistics Park was approved to enjoy a preferential corporate income tax rate of 15% for the years from 2012 to 2020 according to a tax notice issued by the local tax bureau. The preferential tax treatment was based on various tax rules and regulations in relation to China's strategy in encouraging investment and development of certain regions of the mainland China.

- (iv) PRC LAT

LAT which is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to LAT which were calculated based on 1.5% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

- (v) On 24 May 2013, Hydoo Estate (Ganzhou) reached a tax settlement with local tax bureaus and subsequently paid RMB16,782,000 for certain prior years' CIT exposures.

The directors are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging CIT and LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31 December 2010

	Director's fees	Salaries, allowances and benefits in kind	Contributions to the defined contribution retirement schemes	Sub-total	Equity- settled share-based transaction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wong Choihing	–	600	–	600	–	600
Wang Dewen	–	46	–	46	–	46
	–	646	–	646	–	646

For the year ended 31 December 2011

	Director's fees	Salaries, allowances and benefits in kind	Contributions to the defined contribution retirement schemes	Sub-total	Equity- settled share-based transaction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wong Choihing	–	328	–	328	74	402
Wang Dewen	–	49	–	49	–	49
Non-Executive director						
Yuan Bing	–	–	–	–	–	–
	–	377	–	377	74	451

For the year ended 31 December 2012

	Director's fees	Salaries, allowances and benefits in kind	Contributions to the defined contribution retirement schemes	Sub-total	Equity- settled share-based transaction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wong Choihing	–	3,136	–	3,136	885	4,021
Wang Dewen	–	2,604	9	2,613	–	2,613
Non-Executive director						
Yuan Bing	–	–	–	–	–	–
	–	5,740	9	5,749	885	6,634

For the six months ended 30 June 2012 (unaudited)

	Director's fees	Salaries, allowances and benefits in kind	Contributions to the defined contribution retirement schemes	Sub-total	Equity- settled share-based transaction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wong Choihing	–	1,355	–	1,355	443	1,798
Wang Dewen	–	1,104	–	1,104	–	1,104
Non-Executive director						
Yuan Bing	–	–	–	–	–	–
	–	2,459	–	2,459	443	2,902

For the six months ended 30 June 2013

	Director's fees	Salaries, allowances and benefits in kind	Contributions to the defined contribution retirement schemes	Sub-total	Equity- settled share-based transaction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wong Choihing	–	1,907	–	1,907	236	2,143
Wang Dewen*	–	559	6	565	–	565
Huang Dehong**	–	520	3	523	54	577
Non-Executive director						
Yuan Bing	–	–	–	–	–	–
Independent non-executive directors**						
Yang Xianzu	–	80	–	80	24	104
Wang Lianzhou	–	80	–	80	24	104
Lin Zhiyuan	–	80	–	80	24	104
	–	3,226	9	3,235	362	3,597

* Resigned in March 2013.

** Appointed in March 2013.

During the Relevant Period, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any remuneration during the Relevant Period. No remuneration was paid to independent non-executive directors during the Relevant Period as the independent non-executive directors were not appointed during the Relevant Period.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments during the Relevant Period, one was a director during the years ended 31 December 2010 and 2011, two were directors during the year ended 31 December 2012 and two were directors during the six months ended 30 June 2012 and 2013, whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Salaries, allowances and other benefits in kind	1,528	2,069	4,817	2,077	2,127
Contributions to the defined contribution retirement schemes	–	–	38	8	33
Equity-settled share-based transaction (Note 28)	–	52	1,323	662	594
	<u>1,528</u>	<u>2,121</u>	<u>6,178</u>	<u>2,747</u>	<u>2,754</u>

For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, the emoluments of the non-director employees among the five highest paid individuals are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	Number of Individuals	Number of Individuals	Number of Individuals	Number of Individuals	Number of Individuals
	(unaudited)				
Nil – HK\$1,000,000	4	4	–	2	1
HK\$1,000,001 – HK\$1,500,000	–	–	–	–	2
HK\$1,500,001 – HK\$2,000,000	–	–	–	1	–
HK\$2,000,001 – HK\$2,500,000	–	–	2	–	–
HK\$3,000,001 – HK\$3,500,000	–	–	1	–	–

None of these employees received any inducements or compensation for loss of office, or waived any emoluments during the Relevant Period.

9 EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

The calculation of basic earnings/(losses) per share for the Relevant Period is based on the profit or loss attributable to equity shareholders of the Company for each of the years ended 31 December 2010, 2011 and 2012 and six months ended 30 June 2012 and 2013, and the weighted average number of 38,750,000, 38,750,000, 38,990,000, 38,750,000 (unaudited) and 42,782,000 shares of the Company during the respective year/period, as if 38,750,000 shares of the Company, which were resulted from the incorporation and issue of 50,000 shares by the Company on 19 October 2010 and the subsequent sub-division of shares on 29 April 2013 (see Note 27(c)(i)) were in issue since 1 January 2010.

(b) Diluted earnings/(losses) per share

The calculation of diluted earnings/(losses) per share for the years ended 31 December 2010, 2011 and 2012 and six months ended 30 June 2012 and 2013 is based on profit or loss attributable to equity shareholders of the Company and the weighted average number of 38,750,000, 43,527,000, 39,212,000, 38,750,000 (unaudited) and 42,782,000 shares calculated as follows:

(i) Profits/(losses) attributable to ordinary equity shareholders of the Company (diluted)

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) attributable to equity shareholders of the Company	12,173	228,977	216,506	(88,207)	(192,826)
After tax effect of finance expense on redeemable convertible preference shares	—	32,046	—	—	—
After tax effect of change in fair value of embedded derivative on redeemable convertible preference shares	—	(18,583)	—	—	—
Profit/(loss) attributable to equity shareholders of the Company (diluted)	<u>12,173</u>	<u>242,440</u>	<u>216,506</u>	<u>(88,207)</u>	<u>(192,826)</u>

(ii) *Weighted average number of ordinary shares (diluted)*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012 (unaudited)	2013
Weighted average number of ordinary shares	38,750,000	38,750,000	38,990,000	38,750,000	42,782,000
Effect of conversion of Pre-IPO Share Options	–	–	222,000	–	–
Effect of conversion of redeemable convertible preference shares	–	4,777,000	–	–	–
Weighted average number of shares (diluted)	<u>38,750,000</u>	<u>43,527,000</u>	<u>39,212,000</u>	<u>38,750,000</u>	<u>42,782,000</u>

The Company did not have any potential dilutive ordinary shares outstanding during the year ended 31 December 2010. Diluted earnings per share during the year is therefore equal to basic earnings per share.

The Company's dilutive potential ordinary shares outstanding during the period ended 30 June 2012 and 2013 were anti-dilutive. Diluted losses per share during the periods were therefore equal to basic losses per share. In addition, the effect of conversion of Pre-IPO Share Options and conversion of redeemable convertible preference shares was anti-dilutive in the year ended 31 December 2011 and 2012, respectively. Accordingly, they were not included in the calculation of diluted earnings per share in the corresponding year.

The basic and diluted earnings/(losses) per share as presented on the consolidated statements of comprehensive income have not taken into account the proposed capitalisation issue as described in Section D.

10 SEGMENTS REPORTING

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the PRC. The Group does not operate in any other geographical or business segment during the Relevant Period.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2010	—	2,201	1,141	3,342
Additions	—	5,294	1,185	6,479
Disposals	—	—	(312)	(312)
At 31 December 2010	—	7,495	2,014	9,509
At 1 January 2011	—	7,495	2,014	9,509
Additions	—	16,769	3,095	19,864
Disposals	—	(1,696)	(547)	(2,243)
At 31 December 2011	—	22,568	4,562	27,130
At 1 January 2012	—	22,568	4,562	27,130
Additions	9,559	17,985	9,276	36,820
Disposals	—	(5,414)	(361)	(5,775)
At 31 December 2012	9,559	35,139	13,477	58,175
At 1 January 2013	9,559	35,139	13,477	58,175
Additions	—	5,653	2,788	8,441
Acquisitions through business combination (Note 26(b))	—	327	424	751
At 30 June 2013	9,559	41,119	16,689	67,367
Accumulated depreciation:				
At 1 January 2010	—	1,097	590	1,687
Charge for the year	—	766	290	1,056
Written back on disposal	—	—	(79)	(79)
At 31 December 2010	—	1,863	801	2,664
At 1 January 2011	—	1,863	801	2,664
Charge for the year	—	2,715	800	3,515
Written back on disposal	—	(1,126)	(602)	(1,728)
At 31 December 2011	—	3,452	999	4,451
At 1 January 2012	—	3,452	999	4,451
Charge for the year	—	6,132	2,067	8,199
Written back on disposal	—	(90)	(32)	(122)
At 31 December 2012	—	9,494	3,034	12,528
At 1 January 2013	—	9,494	3,034	12,528
Charge for the period	227	4,057	2,206	6,490
At 30 June 2013	227	13,551	5,240	19,018
Net book value:				
At 31 December 2010	—	5,632	1,213	6,845
At 31 December 2011	—	19,116	3,563	22,679
At 31 December 2012	9,559	25,645	10,443	45,647
At 30 June 2013	9,332	27,568	11,449	48,349

12 INTEREST IN A JOINT VENTURE

	At 31 December			At 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	26,504	22,812	–	–

Details of the Group's interest in the joint venture are as follows:

Name of joint venture	From of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Effective interest held by the Group as at 31 December			Principal activity
				2010	2011	2012	
USD'000							
Ganxian Haode Highway Construction Co., Ltd. 贛縣豪德公路建設有限公司*	Incorporated	The PRC	Registered capital 7,750	60%	60%	N/A	Highway construction and operation

Summary financial information on the joint venture – the Group's effective interest:

	At 31 December		At 28 June
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Non-current assets	58,242	53,816	51,609
Current assets	13,161	14,320	13,424
Non-current liabilities	(27,000)	(19,800)	(19,800)
Current liabilities	(10,366)	(16,840)	(16,848)
Net assets	34,037	31,496	28,385

	Year ended 31 December		Period from 1 January to 28 June
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Income	7,864	6,322	1,549
Expenses	(9,271)	(8,863)	(4,660)
Loss for the year/period	(1,407)	(2,541)	(3,111)

On 28 June 2012, the Group disposed of its 60% equity interests in the joint venture to a related party owned by the Controlling Shareholders for a consideration of USD4,650,000 (equivalent to RMB29,543,000). The total consideration was net off against the Group's liability to the Controlling Shareholders. For the purpose of this report, the gain on disposal of the joint venture of RMB9,604,000 is regarded as capital contribution by the Controlling Shareholders.

* The English translation of the company's name is for reference only. The official name of the company is in Chinese.

13 OTHER FINANCIAL ASSETS

(a) Other non-current financial assets

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale unlisted equity securities	–	19,800	19,800	21,618

(b) Available-for-sale investments

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	–	–	–	200,000

At 30 June 2013, the available-for-sale investments represented short-term unlisted wealth management products issued by a bank in the PRC.

As at 31 December 2011 and 2012 and 30 June 2013, the Group's other financial assets were not considered to be impaired.

14 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current tax assets and liabilities in the consolidated statements of financial position represent:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
CIT payable at 1 January	9,969	33,169	16,299	208,171
Provision for CIT for the year/period	30,051	38,211	259,309	124,920
CIT paid during the year/period	(6,851)	(55,081)	(67,437)	(69,923)
CIT payable at 31 December/30 June	33,169	16,299	208,171	263,168
LAT payable/(recoverable) at 1 January	6,757	4,707	(37,874)	(77,708)
Provision for LAT for the year/period	4,245	45,524	60,907	11,324
LAT paid during the year/period	(6,295)	(88,105)	(100,741)	(63,941)
LAT payable/(recoverable) at 31 December/30 June	4,707	(37,874)	(77,708)	(130,325)
Total balance of current tax liabilities/(assets)	37,876	(21,575)	130,463	132,843

	At 31 December			At 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Representing:				
CIT recoverable	202	–	13,346	31,473
LAT recoverable	4,980	37,874	81,884	131,588
Current tax assets	5,182	37,874	95,230	163,061
CIT payable	33,371	16,299	221,517	294,641
LAT payable	9,687	–	4,176	1,263
Current tax liabilities	43,058	16,299	225,693	295,904

(b) Deferred tax assets recognised

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the Relevant Period are presented as follows:

	Tax losses	Temporary difference on promotion expenses	Deferred income	Accrual expenditure	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets arising from:					
At 1 January 2010	179	16	–	–	195
Credited to profit or loss	2,011	1,117	20,040	175	23,343
At 31 December 2010	2,190	1,133	20,040	175	23,538
At 1 January 2011	2,190	1,133	20,040	175	23,538
(Charged)/credited to profit or loss	(157)	5,411	18,453	277	23,984
At 31 December 2011	2,033	6,544	38,493	452	47,522
At 1 January 2012	2,033	6,544	38,493	452	47,522
(Charged)/credited to profit or loss	(872)	70	75,527	–	74,725
At 31 December 2012	1,161	6,614	114,020	452	122,247
At 1 January 2013	1,161	6,614	114,020	452	122,247
Credited to profit or loss	22,558	3,867	98,239	–	124,664
At 30 June 2013	23,719	10,481	212,259	452	246,911

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(v) the Group has not recognised deferred tax assets in respect of cumulative tax loss of certain subsidiaries of nil, RMB170,000, RMB1,371,000 and RMB18,283,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively, as it is not probable that future taxable income against which the loss can be utilised will be available. As at 30 June 2013, tax loss of RMB1,170,000 and RMB16,912,000 will expire, if unused, by the end of 2017 and 2018 respectively.

(d) Deferred tax liabilities not recognised

The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise directly.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, taxable temporary differences relating to of undistributed profits of the Group's PRC subsidiaries amounted to RMB105,956,000, RMB364,960,000, RMB941,083,000 and RMB941,274,000, respectively. No deferred tax liability was recognised in respect of these taxable temporary differences as the Group controls the dividend policy of these subsidiaries and has no plan to dispose of these subsidiaries in the foreseeable future.

15 INTERESTS IN SUBSIDIARIES

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Interests in subsidiaries	84	81	81	81
Amounts due from subsidiaries	–	485,129	859,640	844,808
	84	485,210	859,721	844,889

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances are expected to be recovered after more than one year.

16 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Property development				
Properties under development for sale	1,029,606	1,361,904	1,369,488	2,841,403
Completed properties held for sale	10,155	39,952	872,558	863,210
Properties held for future development for sale	92,207	496,799	1,061,386	1,542,621
Subtotal	1,131,968	1,898,655	3,303,432	5,247,234
Others				
Low-value consumption goods	2	18	114	190
Total	1,131,970	1,898,673	3,303,546	5,247,424

As at 31 December 2010, 2011, 2012 and 30 June 2013, certain properties under development for sale and completed properties held for sale were pledged for certain bank loans granted to the Group (Note 22).

During the Relevant Period, the directors considered that all of the above properties were developed for sale, and none of them were specifically designated for earning rental or for capital appreciation or both. Accordingly, none of the properties were classified as investment properties at the end of each of the reporting period.

- (b) Properties under development for sale in the consolidated statements of financial position comprise:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Expected to be recovered within one year				
Properties under development for sale	524,466	1,137,344	1,012,947	1,617,242
Expected to be recovered after more than one year				
Properties under development for sale	505,140	224,560	356,541	1,224,161
Total	<u>1,029,606</u>	<u>1,361,904</u>	<u>1,369,488</u>	<u>2,841,403</u>

- (c) Completed properties held for sale in the consolidated statements of financial position comprise:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Expected to be recovered within one year				
Completed properties held for sale	8,709	39,952	628,117	437,998
Expected to be recovered after more than one year				
Completed properties held for sale	1,446	–	244,441	425,212
Total	<u>10,155</u>	<u>39,952</u>	<u>872,558</u>	<u>863,210</u>

- (d) Land held for future development in the consolidated statements of financial position comprises:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Expected to be recovered within one year				
Land held for future development for sale	–	–	–	53,673
Expected to be recovered after more than one year				
Land held for future development for sale	92,207	496,799	1,061,386	1,488,948
Total	<u>92,207</u>	<u>496,799</u>	<u>1,061,386</u>	<u>1,542,621</u>

- (e) The analysis of carrying value of leasehold land included in properties under development for sale is as follows:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
In the PRC, with lease term of 40 years or more	443,696	851,497	875,408	803,364

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	7,966	39,290	66,102	9,917
Prepaid business tax and other taxes	15,358	58,010	53,754	127,008
Deposits, prepayments and other receivables	110,876	325,177	788,721	400,045
Security deposit with a PRC financial institution (<i>note i</i>)	–	–	40,000	–
Total	134,200	422,477	948,577	536,970

Note (i): In relation to a trust loan provided by a PRC financial institutional, namely Ping An Trust Co., Ltd (“Ping An Trust”) to the Group, Jining Hydoo Modern Logistics Company Limited (“Jining Hydoo Modern Logistics”), a wholly-owned subsidiary of the Group, is required to place a security deposit with Ping An Trust. According to the relevant agreement, the required level of security deposit would progressively increase from RMB10,000,000 to RMB600,000,000 over the term of the corresponding trust loan. As of 31 December 2012 and 30 June 2013, the balance of security deposit amounted to RMB40,000,000 and RMB nil respectively. The trust loan was settled in June 2013 (Note 22).

The Company

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments and other receivables	–	–	1,790	4,656
Total	–	–	1,790	4,656

An ageing analysis of trade receivables (net of allowance) by due date is as follows:

The Group

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Current	7,966	39,290	66,102	9,917
Past due	–	–	–	–
Total	7,966	39,290	66,102	9,917

The Company

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Current	–	–	1,790	4,656
Total	–	–	1,790	4,656

The Group's credit policy is set out in Note 29(a).

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

Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. If payment is made in lump-sum payment, settlement is normally required by date of signing the sales contract. If payment is made in instalments, 50% of the purchase price is required upon executing the contract with the balance payable by date of signing the contract.

18 AMOUNTS DUE FROM RELATED PARTIES**The Group**

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from the Controlling Shareholders	99,373	806	796	–
Amounts due from other related parties	150,245	52,630	–	–
Total	249,618	53,436	796	–

Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment. The directors confirmed that the amounts would be settled prior to listing of the Company's shares on Stock Exchange.

19 RESTRICTED CASH

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash	5,161	19,669	22,442	22,977

As at 31 December 2010, 2011, 2012 and 30 June 2013, the restricted cash were pledged to banks for certain mortgage facilities granted to purchasers of the Group's properties.

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalent in the consolidated statements of financial position comprise:

The Group

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	285,828	436,941	584,379	2,364,901

The Company

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	–	18,941	7,439	7,312

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	At 31 December			At 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before taxation	23,126	288,728	460,282	(22,584)	(181,628)
Adjustments for:					
Depreciation	1,056	3,515	8,199	3,302	6,490
Amortisation	–	1	21	10	31
Loss on disposal of property, plant and equipment	–	79	5	–	–
Finance income	(458)	(3,007)	(1,374)	(646)	(4,473)
Finance costs	–	32,083	73,241	33,696	39,936
Share of loss of a joint venture	1,407	2,541	3,111	3,111	–
Gain on disposal of a subsidiary before tax	–	–	(306,551)	–	–
Change in fair value of embedded derivative on redeemable convertible preference shares	–	(18,583)	292,348	179,933	48,920
Equity-settled share-based transaction	–	459	6,109	2,754	3,050
Dividend income	–	–	–	–	(4,019)
Changes in working capital:					
Change in inventories	(1,038,152)	(577,274)	(1,815,647)	(777,909)	(1,869,119)
Increase in trade and other receivables	(57,318)	(472,378)	(247,674)	(38,042)	133,465
Change in restricted cash	(1,415)	(14,508)	(2,773)	(16,747)	(535)
Change in trade and other payables	1,325,279	341,729	306,205	(46,341)	3,474,120
Change in deferred income	80,159	139,331	305,093	86,523	366,682
Cash generated from/(used in) operations	333,684	(277,284)	(919,405)	(592,940)	2,012,920

21 TRADE AND OTHER PAYABLES

The Group

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (i)	367,167	384,603	786,860	988,339
Receipts in advance (ii)	760,016	1,102,322	750,918	4,005,523
Other payables and accruals (iii)	249,840	233,637	154,637	177,200
Special dividend (Note 27(c)(v))	–	–	20,205	20,205
Total	1,377,023	1,720,562	1,712,620	5,191,267

The Company

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals	85	81	4,570	12,744
Special dividend (Note 27(c)(v))	–	–	20,205	20,205
Total	85	81	24,775	32,949

- (i) Included in trade payable are trade creditors with the following ageing analysis as of the end of each reporting period:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Due within 1 month or on demand	339,661	116,450	224,490	202,485
Due after 1 month but within 3 months	–	217,993	222,359	637,857
Due after 3 months but within 6 months	–	316	199,670	30,285
Due after 6 months	27,506	49,844	140,341	117,712
Total	367,167	384,603	786,860	988,339

Trade payables mainly represent amounts due to contractors. Payment to contractors is in instalments according to progress and agreed milestones. The Group normally retains 2% to 5% as retention payment.

Included in trade payables were retention payables which were expected to be settled after more than one year amounted to RMB543,000, RMB17,695,000, RMB27,106,000 and RMB83,816,000 at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively.

- (ii) Receipts in advance primarily consisted of deposits and down payments from customers for purchases of the Group's properties. Such proceeds were recorded as current liabilities before the associated sales were recognised. Sale of properties is subsequently recognised to the profit or loss in accordance with the Group's accounting policy as set out in note 1(x)(i). As of 31 December 2010, 2011, 2012 and 30 June 2013, the corresponding aggregate unrecognised contract value of properties, where property sale contracts were entered into but the associated sales were yet to be recognised, amounted to RMB1,180,392,000, RMB1,219,620,000, RMB589,723,000 and RMB5,657,607,000, respectively.
- (iii) Included in other payables and accruals at 31 December 2010, 2011 and 2012 and 30 June 2013 are deposits of nil, RMB36,813,000, RMB14,769,000 and RMBnil, respectively which are expected to be settled after more than one year. All of the other payables and accrued expenses are expected to be settled within one year.

22 BANK LOANS AND OTHER BORROWINGS

As at the end of each reporting period, bank loans and other borrowings were secured as follows:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Current secured other borrowings	–	30,000	630,000	–
Unsecured bank loans	–	–	16,000	28,000
Current portion of non-current secured bank loans	10,000	30,000	43,000	58,350
	10,000	60,000	689,000	86,350
Non-current				
Secured bank loans	30,000	73,000	103,000	768,850
Less: Current portion of non-current secured bank loans	(10,000)	(30,000)	(43,000)	(58,350)
	20,000	43,000	60,000	710,500
	30,000	103,000	749,000	796,850

At the end of each reporting period, bank loans and other borrowings were repayable as follows:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	10,000	60,000	689,000	86,350
After 1 year but within 2 years	20,000	43,000	–	130,000
After 2 year but within 5 years	–	–	60,000	580,500
	30,000	103,000	749,000	796,850

As at 31 December 2010, 2011 and 2012 and 30 June 2013, bank loans and other borrowings are all amounts denominated in functional currency of respective subsidiaries now comprising the Group.

The bank loans and other borrowings bear interest ranging from 7.94% to 8.54%, 7.04% to 12.00%, 6.65% to 17.00% and 6.65% to 17.00% per annum for years ended 31 December 2010, 2011 and 2012 and six months ended 30 June 2013, respectively, and are secured by the following assets:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development for sale (Note 16(b))	–	9,657	1,076,983	1,108,210
Completed properties held for sale (Note 16(c))	10,287	130,362	120,075	–
Total	10,287	140,019	1,197,058	1,108,210

23 AMOUNTS DUE TO RELATED PARTIES

The Group

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to the Controlling Shareholders	72,087	37,067	228	–
Amounts due to other related parties	77,509	–	1,000	–
Total	149,596	37,067	1,228	–

The Company

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to subsidiaries	–	4,570	4,526	4,449
Amounts due to the Controlling Shareholders	14	193	228	–
	14	4,763	4,754	4,449

Amount due to related parties are unsecured, interest free and have no fixed term of repayment. The Group has undertaken to repay the amounts due to related parties prior to the listing of the Company's shares on the Stock Exchange.

24 DEFERRED INCOME

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	–	80,159	219,490	524,583
Government grants received (i)	85,567	265,923	586,939	388,462
Deferred income related to sale and operating leaseback agreements (ii)	–	–	3,316	2,077
Amortisation during the year/period	(5,408)	(126,592)	(285,162)	(23,857)
At 31 December/30 June	80,159	219,490	524,583	891,265
Current	80,159	219,490	521,267	885,872
Non-current	–	–	3,316	5,393

- (i) During the years ended 31 December 2010, 2011 and 2012 and six months ended 30 June 2013, the Group received grants of RMB85,567,000, RMB265,923,000, RMB586,939,000 and RMB388,462,000 from local governments, respectively.

Pursuant to the agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by some of the Group's subsidiaries, namely Ningxiang Property Development, Guangxi Yulin Modern Trade Center Development Company Limited, Jining Hydoo Logistics Center Development Company Limited (濟寧毅德物流城開發有限公司) ("Jining Hydoo Logistics"), Mianyang West Modern Trade Center Development Company Limited, Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited and Wuzhou Hydoo Commercial and Trade Center Development Company Limited.

- (ii) In conjunction with certain sale contracts entered into by Jining Hydoo Logistics for sale of properties in 2012, the Group subsequently leased back certain sold properties from the respective buyers under operating leases for sublease purpose for terms of three to ten years at agreed rental rates. Upon recognition of the sale of such properties, a portion of the sale proceeds, which represents the excess of sale price over fair value of such properties, is deferred and amortised over the respective lease terms. For the year ended 31 December 2012 and six months ended 30 June 2013, the deferred revenue arising from such sale and leaseback arrangements amounted to RMB3,316,000 and RMB2,077,000, respectively. The revenue recognised from sales of such properties amounted to RMB59,632,000 (net of business tax of RMB3,571,000) and RMB15,853,000 (net of business tax of RMB949,000), respectively for the year ended 31 December 2012 and six months ended 30 June 2013.

25 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	Carrying Value	Fair Value
	RMB'000	RMB'000
At 31 December 2011:		
Redeemable convertible preference shares	511,545	429,929
Embedded derivative liabilities on redeemable convertible preference shares	1,329	1,329
Total at 31 December 2011	512,874	431,258
At 31 December 2012:		
Redeemable convertible preference shares	581,412	608,524
Embedded derivative liabilities on redeemable convertible preference shares	292,502	292,502
Total at 31 December 2012	873,914	901,026
At 30 June 2013:		
Redeemable convertible preference shares	608,366	621,386
Embedded derivative liabilities on redeemable convertible preference shares	336,016	336,016
Total at 30 June 2013	944,382	957,402

Pursuant to a share purchase agreement entered into between the Company, Most Trend Holding Limited, a company owned by the Controlling Shareholders, and an independent third party, Top Amuse Holdings Limited ("Top Amuse" or the "Preferred Shareholder"), the Company issued 12,500 redeemable convertible preference shares (the "Preference Shares") to Top Amuse for an aggregate purchase price of USD80.0 million on 5 July 2011.

The Preference Shares have the same voting rights as the ordinary shares and contain the following terms:

(i) Dividend rights

The holder of the Preference Shares is entitled to receive dividends, out of any funds legally available therefore, prior and in preference to any declaration or payment of any dividend on the ordinary shares. Such dividends shall accrue when, as and if declared by the board of the Company, and any declared but unpaid dividend shall be cumulative and non-compounding.

(ii) Conversion of Preference Shares and Cash redemption option

Each Preference Share shall be convertible, at the option of the holder thereof at any time, into such number of fully paid and non-assessable ordinary shares as is determined by dividing the subscription price by the then effective conversion price, which shall be calculated after adjustments of certain events.

At any time after the third anniversary date of issuance date of the Preference Shares, the Preferred Shareholder shall have the right to require the Company to redeem all or part of such outstanding Preference Shares at a redemption price equal to the proportionate purchase price per Preference Share plus an amount which would enable such Preferred Shareholder to achieve the annual return rate at 12%.

(iii) Automatic conversion feature

Each Preference Share shall be automatically converted by way of redemption of such Preference Shares and the issue fully paid of the ordinary shares at the conversion price at the time in effect immediately upon the earlier of (i) the consummation of a Qualified IPO, (ii) immediately prior to the closing of an acquisition by, merger or other combination with another entity where the Company is not the surviving entity where such surviving entity is listed on an internationally recognised stock exchange, or (iii) the date specified by written consent or agreement of the Preferred Shareholder.

(iv) Liquidation preference

On a return of capital on winding up or liquidation or to otherwise (other than on redemption of the Preferred Shares), the holders of the Preference Shares are first entitled to an amount up to the aggregate purchase consideration paid for the Preference Shares before paying to the ordinary shareholders, and then to participate in the distribution of any remaining assets of the Company pro-rata with the ordinary shareholders based on the number of ordinary shares into which the Preference Shares are convertible (immediately prior to such distribution).

The Preference Shares were recognised as an interest-bearing borrowing in accordance with the accounting policy as set out in Note 1(r) when the Preference Shares were issued. Subsequently, the Preference Shares were stated at amortised cost.

The embedded derivative of the Preference Shares is measured at the end of each reporting period to the fair value. Such remeasurements are shown as part of finance costs in profit or loss.

The fair value of the embedded derivative is measured based on the option-pricing model using significant unobservable inputs (Level 3) in the fair value hierarchy.

Fair value of the embedded derivative and assumptions

Valuation date	11 July 2011	31 December 2011	31 December 2012	30 June 2013
Stock price (in USD)	4.7	5.1	14.4	16.0
Volatility (Annual)	42.04%	36.61%	33.10%	33.18%
Time to liquidity (Years)	3 years	2.5 years	1.5 years	1 year
Coupon rate (Annual)	12%	12%	12%	12%
Discount rate (Annual)	13.50%	21.80%	10.30%	9.73%

The fair value measurement is positively correlated to the stock price and the volatility.

As at 31 December 2011 and 2012 and 30 June 2013, it is estimated that with all other variables held constant, a change in stock price or volatility would have decreased/increased the Group's profit/(loss) for the year/period as follows:

	At 31 December		At 30 June
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Effect of change in stock price			
Increase by 5%	(6,741)	(39,600)	(45,105)
Decrease by 5%	1,342	38,269	43,939
Effect of change in volatility			
Increase by 5%	(5,062)	(9,794)	(7,095)
Decrease by 5%	1,342	13,265	6,558

26 DISPOSAL AND ACQUISITION OF SUBSIDIARIES

(a) Disposal of a subsidiary

On 31 December 2012, the Group transferred its entire equity interest in Harbin Hydoo Commercial and Trade Center Development Company Limited ("Harbin Trade Center Company") to Harbin China South City Company Limited, an independent third party, for a consideration of RMB500,000,000. Management decided to sell this subsidiary late in 2012 following a strategic decision to place greater focus on other projects in the PRC.

	Year ended 31 December	
	2011	2012
	RMB'000	RMB'000
Results of Harbin Trade Center Company		
Revenue	—	—
expenses	(7)	(8,647)
Results from operating activities	(7)	(8,647)
Tax	—	—
Results from operating activities, net of tax	(7)	(8,647)
Gain on sale of the subsidiary		306,551
Tax on gain on sale of the subsidiary		(76,638)
Profit for the year		229,913
Attributable to:		
The equity shareholders of the Company		229,913
Cash flows (used in)/generated from Harbin Trade Center Company		
Net cash used in operating activities	(106,061)	(48,963)
Net cash used in investing activities	(5,638)	—
Net cash generated from financing activities	—	200,000
Net cash flows for the year	(111,699)	151,037
Effect of disposal on the financial position of the Group		
Fixed assets		5,638
Inventories		278,753
Trade and other receivables		183,572
Cash and cash equivalents		39,338
Trade and other payables		(315,955)
Net assets and liabilities		191,346
Cash consideration received in 2012*		260,000
Cash and cash equivalents disposed of		(39,338)
Net cash inflow		220,662

* The remaining RMB240,000,000 out of the total consideration of RMB500,000,000 was received during the period ended 30 June 2013.

(b) Acquisition of a subsidiary

On 30 June 2013, the Group obtained the control of Ganzhou Jiuzhi by acquiring 51% equity interest from an independent third party for a consideration of RMB2,652,000. Ganzhou Jiuzhi is engaged in provision of property management services.

The acquisition has the following effect on the Group's assets and liabilities:

	At 30 June 2013
	RMB'000
Cash and cash equivalents	1,434
Inventories	31
Other receivables and prepayments	1,858
Fixed assets	751
Trade and other payables	(3,289)
Net assets	785
Non-controlling interests	(385)
Fair value of net identifiable assets acquired	400

Calculation of goodwill is as follows:

	At 30 June 2013
	RMB'000
Cash paid	2,652
Fair value of net identifiable assets acquired	(400)
Goodwill	2,252

Had the acquisition been occurred on 1 January 2013, the Group's consolidated revenue for the six months ended 30 June 2013 would have been increased by RMB5,739,000, and the Group's consolidated loss for the six months ended 30 June 2013 would have been decreased by RMB65,000.

27 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each period are set out below:

Section C Note	Share capital	Capital reserve	Equity- settled share-based payment reserve	Exchange reserve	Accumulated losses	Total
			27(d)(iv)	27(d)(iii)		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 10 October 2010 (date of incorporation)	—	—	—	—	—	—
Changes in equity for the period from 10 October 2010 to 31 December 2010:						
Loss for the period	—	—	—	—	(353)	(353)
Other comprehensive income for the period	—	—	—	5	—	5
Total comprehensive income for the period	—	—	—	5	(353)	(348)
Issuance of share capital upon incorporation of the Company	27(c)(i) 333	—	—	—	—	333
At 31 December 2010 and 1 January 2011	333	—	—	5	(353)	(15)
Changes in equity for 2011:						
Loss for the year	—	—	—	—	(14,108)	(14,108)
Other comprehensive income for the year	—	—	—	97	—	97
Total comprehensive income for the year	—	—	—	97	(14,108)	(14,011)
Equity-settled share-based payment	—	—	459	—	—	459
At 31 December 2011 and 1 January 2012	333	—	459	102	(14,461)	(13,567)
Changes in equity for 2012:						
Loss for the year	—	—	—	—	(372,556)	(372,556)
Other comprehensive income for the year	—	—	—	1,524	—	1,524
Total comprehensive income for the year	—	—	—	1,524	(372,556)	(371,032)
Equity-settled share-based payment	—	—	6,109	—	—	6,109
Issuance of new shares to Pre-IPO Investors	27(c)(v) 32	343,965	—	—	—	343,997
Balance at 31 December 2012 and 1 January 2013	365	343,965	6,568	1,626	(387,017)	(34,493)
Changes in equity for six months ended 30 June 2013:						
Loss for the period	—	—	—	—	(94,884)	(94,884)
Other comprehensive income for the period	—	—	—	1,404	—	1,404
Total comprehensive income for the period	—	—	—	1,404	(94,884)	(93,480)
Equity-settled share-based payment	—	—	3,050	—	—	3,050
Balance at 30 June 2013	365	343,965	9,618	3,030	(481,901)	(124,923)
(Unaudited)						
At 31 December 2011 and 1 January 2012	333	—	459	102	(14,461)	(13,567)
Changes in equity for six months ended 30 June 2012:						
Loss for the period	—	—	—	—	(215,744)	(215,744)
Other comprehensive income for the period	—	—	—	(629)	—	(629)
Total comprehensive income for the period	—	—	—	(629)	(215,744)	(216,373)
Equity-settled share-based payment	—	—	2,754	—	—	2,754
Balance at 30 June 2012	333	—	3,213	(527)	(230,205)	(227,186)

(b) Dividends

No dividends were declared by the Group during the Relevant Period.

(c) Authorised and issued share capital

- (i) For the purposes of this report, the capital as at 1 January 2010 and 31 December 2010 represents the aggregate amount of the nominal value of the share capital or paid-in capital of the companies comprising the Group as at that date. The capital as at 1 January 2010 represents the aggregate amount of the nominal value of the share capital of Hongkong Hydoo Group Investment Company Limited and the paid-in capital of Ningxiang Property Development. The capital as at 31 December 2010 represents the aggregate amount of the nominal value of the share capital or paid-in capital of the Company, Ningxiang Property Development and Jining Hydoo.

The Company was incorporated on 19 October 2010 with an authorised capital of US\$50,000 divided into 50,000 ordinary shares with a par value of US\$1.00.

On 5 July 2011, the authorised share capital of the Company was increased to US\$62,500 divided into 50,000 ordinary shares and 12,500 Preferred Shares by the creation of 12,500 preferred shares of a par value of US\$1.00 each.

The capital as at 31 December 2011 represents the issued share capital of the Company comprising 50,000 ordinary shares of US\$1.00 each.

On 22 November 2012, the authorised share capital of the Company was increased to US\$67,703 divided into 55,203 ordinary shares of a par value of US\$1.00 each and 12,500 Preferred Shares of a par value of US\$1.00 each, by the creation of an aggregate of 5,203 ordinary shares at a par value of US\$1.00 each.

On 29 April 2013, the Company re-denominated its authorised share capital from US dollars into Hong Kong dollars. The Company authorised additional share capital of HK\$80,000,000 by the creation of 6,522,960,000 ordinary shares with a par value of HK\$0.01 per share and 1,477,040,000 preferred shares with a par value of HK\$0.01 per share. The Company then repurchased all the outstanding US dollar ordinary shares and preferred shares at par. For each of the US dollar ordinary share/preferred share repurchased, the Company also issued to the share holder 775 Hong Kong dollar ordinary shares/preferred shares at par. Immediately following the repurchase, the Company cancelled all the unissued US dollar ordinary shares and preferred shares. After the re-denomination and cancellation, the Company's issued capital comprises 42,782,325 ordinary shares and 9,687,500 preferred shares at a par value of HK\$0.01 each.

- (ii) During the year ended 31 December 2010, the Controlling Shareholders incorporated Jining Hydoo. For the purpose of this report, it is regarded as capital injection by the Controlling Shareholders.
- (iii) During the year ended 31 December 2010, the Company acquired the entire equity interest in Hongkong Hydoo Group Investment Company Limited for a consideration of HK\$100,000 from the Controlling Shareholders. For the purpose of this report, it is regarded as a deemed distribution to the Controlling Shareholders.
- (iv) During the year ended 31 December 2011, Hydoo Ganzhou paid a cash consideration of RMB60,000,000 to Shenzhen Howard Investment Co., Ltd. (深圳市豪德投资有限公司), a company owned by the Controlling Shareholders at that time, for the acquisition of the entire equity interests in Ningxiang Property Development. For the purpose of this report, it is regarded as a deemed distribution to the Controlling Shareholders.

During the year ended 31 December 2011, Hydoo Ganzhou paid a cash consideration of RMB30,000,000 to Jining Howard Modern Logistics Co., Ltd. (濟寧豪德現代物流有限公司), a company owned by the Controlling Shareholders at that time, for the acquisition of the entire equity interests in Jining Hydoo. For the purpose of this report, it is regarded as a deemed distribution to the Controlling Shareholders.

- (v) During the year ended 31 December 2012, the Company entered into Investment Agreements with Ping An Hawking China Opportunity Fund ILP ("Ping An Fund"), Creat (Far East) Company Limited ("Creat") and Zhenshuo International Holding Co., Limited ("Zhenshuo") (collectively the "Pre-IPO investors"), pursuant to which Ping An Fund, Creat and Zhenshuo subscribed 2,031, 2,156 and 1,016 ordinary shares, respectively, for respective cash considerations of HK\$178,000,000 (equivalent to approximately RMB142,860,000), HK\$188,976,000 (equivalent to approximately RMB151,416,000 and HK\$89,000,000 (equivalent to approximately RMB71,311,000). The capital injections from Ping An Fund, Creat and Zhenshuo were fully received by the Company as of 21 December 2012, and these incoming shareholders were entered into the Company's Register of Members as members on the same date. The statutory record of Company's Register of Members was subsequently updated to reflect the physical issue of corresponding shares to those incoming shareholders. The shareholders and the Company had confirmed that, pursuant to an agreement entered into amongst each of the shareholders and the Company, that the rights and obligations of the existing shareholders and the incoming shareholders had been established on 21 December 2012 as if these shares to the incoming shareholders were issued on that date.

According to the Investment Agreement between Ping An Fund and the Company, the Company is obliged to pay Ping An Fund a special dividend fixed at 14% of its subscription amount or HK\$24,920,000 (equivalent to approximately RMB20,205,000) if non-occurrence of a qualified IPO within one year after the settlement date. For the purpose of this Accountants' Report, the special dividend is classified as a financial liability and deducted from Ping An Fund's total investment. The remaining HK\$153,080,000 (equivalent to approximately RMB122,655,000) is recorded as an equity.

(d) Nature and purpose of reserves

(i) PRC statutory reserves

Pursuant to the Articles of Association of the PRC subsidiaries now comprising the Group, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the respective subsidiaries. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(ii) Capital reserves

Pursuant to a board minute dated 30 September 2011, the Controlling Shareholders forgave amounts receivable from Hongkong Hydoo Group Investment Co., Ltd. of HK\$47,151,000 (equivalent to RMB39,904,000). For the purpose of this report, it is regarded as a capital contribution from the Controlling Shareholders.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in Note 1(y).

(iv) *Equity-settled share-based payment reserve*

Equity-settled share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in Note 1(u)(ii).

(e) **Distributability of reserves**

There was no reserve available for distribution to equity shareholders of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013.

(f) **Non-controlling interests**

During the year ended 31 December 2012, the Group established Ganzhou Logistics Park, a non-wholly owned subsidiary. The paid-up capital is RMB732,000,000, of which RMB100,000,000 was paid up by the non-controlling equity holder.

In January 2013, the Group acquired the 20% equity interest in Ganzhou Logistics Park from the non-controlling equity holder for a consideration of RMB150 million, which was settled on 17 January 2013. The difference between the net identifiable assets at the settlement date of Ganzhou Logistics Park and the consideration paid of RMB51,866,000 is recognised as Reserve – transactions with Non-Controlling Interests in the equity.

In December 2012, the Group established Xingning Hydoo Commerce and Trade Centre Company Limited, a non-wholly owned subsidiary. The paid-up capital is RMB40,000,000, of which RMB8,000,000 was paid up by the non-controlling equity holder. The non-controlling equity holder injected another RMB4,000,000 in the six months ended 30 June 2013.

(g) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

28 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company has a share option scheme (the "Pre-IPO Share Option Scheme"), which was first adopted on 30 November 2011, whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. Additional options were further granted to certain employees of the Group on 16 October 2012 and 20 March 2013 respectively. After such grants, a total number of 1,715 share options were granted to employees. Each option gives the holder the right to subscribe for 1 ordinary shares in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Contractual life of options
Total number of options granted	1,715	
Options granted on 30 November 2011		
– directors	242	85 months
– employees	1,263	85 months
Vesting date	Percentage of vested shares	
31 December 2012	25%	
31 December 2013	50%	
31 December 2014	75%	
31 December 2015	100%	
Options granted on 16 October 2012		
– employees	191	74 months
Vesting date	Percentage of vested shares	
31 December 2013	25%	
31 December 2014	50%	
31 December 2015	75%	
31 December 2016	100%	
Options granted on 20 March 2013		
– directors	19	69 months
Vesting date	Percentage of vested shares	
31 December 2014	25%	
31 December 2015	50%	
31 December 2016	75%	
31 December 2017	100%	

The options are exercisable from six months after the Company's initial public offering date to 31 December 2018.

(b) The number and weighted average exercise price of share option are as follows:

The exercise price for each option granted during the Relevant Period is HK\$48,654.

	Number of options
Outstanding on 1 January 2011	–
Granted during the year	1,505
Exercised during the year	–
Forfeited during the year	–
Outstanding on 31 December 2011	1,505
Exercisable on 31 December 2011	–
Outstanding on 1 January 2012	1,505
Granted during the year	191
Exercised during the year	–
Forfeited during the year	–
Outstanding on 31 December 2012	1,696
Exercisable on 31 December 2012	–
Outstanding on 1 January 2013	–
Granted during the period	19
Exercised during the period	–
Forfeited during the period	–
Outstanding on 30 June 2013	1,715
Exercisable on 30 June 2013	–

The options outstanding at 30 June 2013 had a remaining contractual life of 5.5 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date of 30 November 2011				
Fair value at measurement date (HK\$)	9,125	9,136	9,175	9,231
Share value (HK\$)	29,054	29,054	29,054	29,054
Expected volatility (1)	43.87%	43.87%	43.87%	43.87%
Dividend yield (2)	–	–	–	–
Risk-free interest rate (3)	1.08%	1.08%	1.08%	1.08%
Suboptimal exercise factor	3.0	3.0	3.0	3.0
Forfeiture rate	–	–	–	–

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date of 16 October 2012				
Fair value at measurement date (HK\$)	42,430	42,743	43,035	43,237
Share value (HK\$)	79,664	79,664	79,664	79,664
Expected volatility (1)	38.19%	38.19%	38.19%	38.19%
Dividend yield (2)	–	–	–	–
Risk-free interest rate (3)	1.10%	1.10%	1.10%	1.10%
Suboptimal exercise factor	3.0	3.0	3.0	3.0
Forfeiture rate	–	–	–	–

Note	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date of 20 March 2013				
Fair value at measurement date (HK\$)	49,308	49,583	49,761	49,851
Share value (HK\$)	89,689	89,689	89,689	89,689
Expected volatility (1)	36.74%	36.74%	36.74%	36.74%
Dividend yield (2)	–	–	–	–
Risk-free interest rate (3)	0.51%	0.51%	0.51%	0.51%
Suboptimal exercise factor	3.0	3.0	3.0	3.0
Forfeiture rate	–	–	–	–

(1) Volatility

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical and implied equity stock price volatility of listed comparable companies over a period comparable to the expected term of the options.

(2) Dividend yield

The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the options.

(3) Risk-free interest rate

Risk-free interest rate was estimated based on the yield of Hong Kong Exchange Fund Bills/Notes with a maturity period equal to the expected term of the options as of the valuation date.

Changes in the above subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share option grants.

(d) Adjustments on number of share options and exercise price

Pursuant to the relevant terms of the Pre-IPO Share Option Scheme, and the option execution letters executed by each of the grantees on 20 March 2013, as a result of the change in issued share capital as set out in Note 27(c)(i), the number of share options and the exercise price were adjusted on a proportionate basis. Accordingly, a total number of 1,329,125 share options with exercise price of HK\$62.78 per option were outstanding as of 30 June 2013.

29 FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An aging analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record significant bad debts losses during the Relevant Period.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Except for the financial guarantees given by the Group as set out in Note 31, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of each reporting period is disclosed in Note 31.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 17.

(b) Liquidity risk

The Group management reviews the liquidity position of the Group 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 the Group's liquidity requirements in the short and longer terms. The Group's policy is to regularly monitor liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities excluding receipts in advance, which the Group expects to settle by delivery of completed properties. The contractual maturities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

At 31 December 2010						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	12,504	20,089	—	—	32,593	30,000
Trade and other payables	616,464	543	—	—	617,007	1,377,023
Amounts due to related parties	149,596	—	—	—	149,596	149,596
	<u>778,564</u>	<u>20,632</u>	<u>—</u>	<u>—</u>	<u>799,196</u>	<u>1,556,619</u>
At 31 December 2011						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	67,213	44,379	—	—	111,592	103,000
Trade and other payables	563,732	54,508	—	—	618,240	1,720,562
Amounts due to related parties	37,067	—	—	—	37,067	37,067
Redeemable convertible preference shares	—	—	726,530	—	726,530	511,545
	<u>668,012</u>	<u>98,887</u>	<u>726,530</u>	<u>—</u>	<u>1,493,429</u>	<u>2,372,174</u>

At 31 December 2012

Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	754,404	60,429	–	–	814,833	749,000
Trade and other payables	909,440	52,262	–	–	961,702	1,712,620
Amounts due to related parties	1,228	–	–	–	1,228	1,228
Redeemable convertible preference shares	–	726,530	–	–	726,530	581,412
	<u>1,665,072</u>	<u>839,221</u>	<u>–</u>	<u>–</u>	<u>2,504,293</u>	<u>3,044,260</u>

At 30 June 2013

Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	170,167	228,540	521,368	30,565	950,640	796,850
Trade and other payables	1,048,466	137,278	–	–	1,185,744	5,191,267
Redeemable convertible preference shares	–	726,530	–	–	726,530	608,366
	<u>1,218,633</u>	<u>1,092,348</u>	<u>521,368</u>	<u>30,565</u>	<u>2,862,914</u>	<u>6,596,483</u>

The Company

At 31 December 2010

Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	85	–	–	–	85	85
Amounts due to related parties	14	–	–	–	14	14
	<u>99</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>99</u>	<u>99</u>

At 31 December 2011

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	81	—	—	—	81	81
Amounts due to related parties	4,763	—	—	—	4,763	4,763
Redeemable convertible preference shares	—	—	726,530	—	726,530	511,545
	4,844	—	726,530	—	731,374	516,389

At 31 December 2012

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	24,775	—	—	—	24,775	24,775
Amounts due to related parties	4,754	—	—	—	4,754	4,754
Redeemable convertible preference shares	—	726,530	—	—	726,530	581,412
	29,529	726,530	—	—	756,059	610,941

At 30 June 2013

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	32,949	—	—	—	32,949	32,949
Amounts due to related parties	4,449	—	—	—	4,449	4,449
Redeemable convertible preference shares	—	726,530	—	—	726,530	608,366
	37,398	726,530	—	—	763,928	645,764

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted cash, bank loans issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the restricted cash because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans of the Group are disclosed in Note 22 to the Financial Information. The Group does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2010, 2011 and 2012 and 30 June 2013, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately nil, nil, RMB13,000 and nil respectively.

Other components of consolidated equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit/loss after tax and retained profits and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of each reporting period. The analysis is performed on the same basis for the years ended 31 December 2010, 2011 and 2012 and six months ended 30 June 2013.

(d) Currency risk

The Group is exposed to foreign currency risk primarily on bank deposits to which the transactions relate. The currencies giving rise to this risk are primarily US dollars (USD).

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of each reporting period.

The Group

	At 31 December			At 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
– denominated in USD	–	20,071	72,053	45,724
Net exposure arising from recognised assets and liabilities	–	20,071	72,053	45,724

The Company

The functional currency of the Company is USD. The Company did not have material assets or liabilities that are denominated in a currency other than its functional currency and accordingly the Company has no significant exposure to foreign currency risk as at 31 December 2010, 2011 and 2012 and 30 June 2013.

Sensitivity analysis

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the reporting dates, assuming 5% shift of RMB against USD.

At ended 31 December 2010, 2011 and 2012 and 30 June 2013, results from a 5% strengthening of the RMB against USD on the profit after tax and retained profits are shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	At 31 December			At 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
USD	–	(753)	(2,702)	(1,715)

(e) Equity price risk

The group is exposed to equity price changes arising from equity investments classified as available-for-sale unlisted equity securities (see Note 13).

The Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plan.

(f) Fair values

The carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2010, 2011 and 2012 and 30 June 2013. Details of the fair value measurement of the redeemable convertible preference shares are disclosed in Note 25.

During the relevant period, there were no transfers into or out of Level 3 in the fair value hierarchy. The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

The Group has appointed an external expert to be responsible for the valuation of the Group's financial instruments at the end of each reporting period. A valuation report with analysis of changes in fair value measurement is prepared by the expert at each reporting date, and is reviewed and approved by the chief financial officer.

30 COMMITMENTS**(a) Commitments on property development expenditure**

At the end of each reporting period, the Group's commitments in respect of property development expenditure are as follows:

	At 31 December			At 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for	686,351	123,645	1,222,759	1,396,353

(b) Operating lease commitment*Lessee*

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At the end of each reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	65	4,772	9,537	10,272
After 1 but within 5 years	–	15,659	16,421	14,296
After 5 years	–	–	–	–
Total	65	20,431	25,958	24,568

31 CONTINGENT LIABILITIES**Guarantees**

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of the reporting period is as follows:

	At 31 December			At 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	45,377	308,842	474,994	562,345

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

32 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions.

During the Relevant Period, the directors are of the view that the following are related parties of the companies now comprising the Group:

Name of Party	Relationship
Shenzhen Howard Industrial Co., Ltd. (深圳市豪德實業有限公司*)	Associate company of the Controlling Shareholders (<i>note 1</i>)
Jiangxi Howard Group Co., Ltd. (江西豪德集團有限公司*)	Entity controlled by the Controlling Shareholders
Ganzhou Gannan Trade Centre Development Co., Ltd. (贛州贛南貿易廣場開發有限公司*)	Entity controlled by the Controlling Shareholders (<i>note 2</i>)
Jiangxi Howard Biotechnology Co., Ltd. (江西豪德生物科技有限公司*)	Associate company of the Controlling Shareholders (<i>note 2</i>)
Ji'An Trade Centre Development Co., Ltd. (吉安貿易廣場開發有限公司*)	Entity controlled by the Controlling Shareholders (<i>note 1</i>)
Fuzhou Howard Trade Center Development Co., Ltd. (撫州豪德貿易廣場開發有限公司*)	Associate company of the Controlling Shareholders (<i>note 1</i>)
Jingdezhen Howard Trade Center Development Co., Ltd. (景德鎮豪德貿易廣場開發有限公司*)	Entity controlled by the Controlling Shareholders (<i>note 1</i>)
Yichun Trade Centre Property Services Co., Ltd. (宜春貿易廣場物業管理有限公司*)	Associate company of the Controlling Shareholders
Jiangxi Haoli Industrial Co., Ltd. (江西豪力實業有限公司*)	Associate company of the Controlling Shareholders (<i>note 1</i>)
Shenzhen Howard Investment Co., Ltd. (深圳市豪德投資有限公司*)	Entity controlled by the Controlling Shareholders (<i>note 1</i>)
Jincheng Howard Guangcai Trade Centre Development Co., Ltd. (晉城豪德光彩貿易廣場開發有限公司*)	Entity controlled by the Controlling Shareholders (<i>note 1</i>)
Linyi Howard Guangcai Trade Centre Development Co., Ltd. (臨沂豪德光彩貿易廣場開發有限公司*)	Entity jointly controlled by the Controlling Shareholders (<i>note 1</i>)
Jining Howard Modern Logistics Co., Ltd. (濟寧豪德現代物流有限公司*)	Entity controlled by the Controlling Shareholders (<i>note 1</i>)

Included in the balances as at 31 December 2010, 2011 and 2012 set out in Note 32(c) are unsecured, interest free advance made to/from related parties of the Group.

* These entities are all PRC limited liability companies. The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

Note 1 In 2012, the Controlling Shareholders transferred their equity interests in these entities to third parties. At 31 December 2012, these companies were no longer considered related parties to the Group.

Note 2 These companies were liquidated in 2012.

(a) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and other benefits in kind	1,276	1,767	13,687	5,483	7,042
Contributions to the defined contribution retirement schemes	—	—	83	15	74
Equity-settled share-based transaction (Note 28)	—	211	2,868	1,264	1,453
	<u>1,276</u>	<u>1,978</u>	<u>16,638</u>	<u>6,762</u>	<u>8,569</u>

(b) Transactions with related parties

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Receipts from related parties					
– the Controlling shareholders	29,549	207,319	3,039	1,901	796
– Shenzhen Howard Industrial Co., Ltd.	–	36,654	110,804	4,731	–
– Howard Property Services Co., Ltd.	2,205	–	–	–	–
– Shenzhen Howard Investment Co., Ltd.	51,640	288,349	170,000	68,000	–
– Jincheng Howard Guangcai Trade Centre Development Co., Ltd.	–	–	70,000	70,000	–
– Linyi Howard Guangcai Trade Centre Development Co., Ltd.	–	–	20,000	20,000	–
– Ji'An Trade Centre Development Co., Ltd.	–	10,000	5,000	5,000	–
– Ganzhou Gannan Trade Centre Development Co., Ltd.	–	69,431	–	–	–
– Jiangxi Howard Biotechnology Co., Ltd.	–	10,017	–	–	–
– Yichun Trade Centre Property Services Co., Ltd.	–	2,000	–	–	–
– Ganxian Haode Highway Construction Co., Ltd.	–	17,709	–	–	–
– Fuzhou Howard Trade Center Development Co., Ltd.	–	5,000	–	–	–
– Jingdezhen Howard Trade Centre Development Co., Ltd.	30,000	10,000	–	–	–
– Jiangxi Howard Group Co., Ltd.	–	17,300	–	–	–
– Jiangxi Haoli Industrial Co., Ltd.	–	9,268	–	–	–
– Jining Howard Modern Logistics Co., Ltd.	54,269	–	–	–	–
– Others	–	180	1,500	–	–
	<u>167,663</u>	<u>683,227</u>	<u>380,343</u>	<u>169,632</u>	<u>796</u>

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Payments to related parties					
– the Controlling shareholders	(140,039)	(143,771)	(39,868)	(35,012)	(228)
– Shenzhen Howard Industrial Co., Ltd.	(200)	(230,016)	(58,674)	(55,000)	–
– Shenzhen Howard Investment Co., Ltd.	(34,480)	(152,401)	(170,000)	(170,000)	–
– Jincheng Howard Guangcai Trade Centre Development Co., Ltd.	–	–	(70,000)	(70,000)	–
– Howard Property Services Co., Ltd.	(158)	–	–	–	–
– Ganzhou Gannan Trade Centre Development Co., Ltd.	(9,330)	–	–	–	–
– Jiangxi Howard Group Co., Ltd.	(10,720)	–	–	–	–
– Ganxian Haode Highway Construction Co., Ltd.	(17,299)	–	–	–	–
– Jingdezhen Howard Commercial and Trade Center Development Company Limited	(30,000)	(7,856)	–	–	–
– Jiangxi Haoli Industrial Co., Ltd.	(1,727)	(820)	–	–	–
– Linyi Howard Guangcai Trade Centre Development Co., Ltd.	–	–	(20,000)	(20,000)	–
– Ji'An Trade Centre Development Co., Ltd.	–	(9,940)	(5,000)	(5,000)	–
– Jining Howard Modern Logistics Co., Ltd.	–	(54,269)	–	–	–
– Others	–	(500)	–	–	(1,000)
	<u>(243,953)</u>	<u>(599,573)</u>	<u>(363,542)</u>	<u>(355,012)</u>	<u>(1,228)</u>
Sales of properties to related parties	<u>7,511</u>	<u>2,953</u>	<u>–</u>	<u>–</u>	<u>607</u>

(c) Balances with related parties

	At 31 December			At 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivable due from related parties				
– the Controlling shareholders	99,373	806	796	–
– Shenzhen Howard Industrial Co., Ltd.	17,957	52,130	–	–
– Jingdezhen Howard Trade Centre Development Co., Ltd.	2,144	–	–	–
– Jiangxi Howard Group Co., Ltd.	17,300	–	–	–
– Ganzhou Gannan Trade Centre Development Co., Ltd.	69,431	–	–	–
– Ganxian Howard Highway Construction Co., Ltd.	17,709	–	–	–
– Jiangxi Haoli Industrial Co., Ltd.	8,447	–	–	–
– Ji'An Trade Centre Development Co., Ltd.	60	–	–	–
– Fuzhou Howard Trade Center Development Co., Ltd.	5,000	–	–	–
– Yichun Trade Centre Property Services Co., Ltd.	2,000	–	–	–
– Jiangxi Howard Biotechnology Co., Ltd.	10,017	–	–	–
– Other related parties	180	500	–	–
	<u>249,618</u>	<u>53,436</u>	<u>796</u>	<u>–</u>
Other payable due to related parties				
– Controlling shareholders	(72,087)	(37,067)	(228)	–
– Jining Howard Modern Logistics Co., Ltd.	(54,269)	–	–	–
– Shenzhen Howard Investment Co., Ltd.	(23,240)	–	–	–
– Other related parties	–	–	(1,000)	–
	<u>(149,596)</u>	<u>(37,067)</u>	<u>(1,228)</u>	<u>–</u>

(d) Guarantee provided by a related party

As at 31 December 2012, Weifang Howard Commercial and Trade Center Development Company Limited has provided financial guarantee to the Group in respect of a trust loan to totalling RMB600,000,000. The financial guarantee was released upon repayment of the trust loan in June 2013.

The Company has not recognised any deferred expense in respect of the financial guarantee provided by the related party as its fair value cannot be reliably measured using observable market data and its transaction price was nil.

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors consider the immediate and ultimate controlling party of the Group as at 30 June 2013 to be Most Trend Holding Limited, which is incorporated in the British Virgin Islands with limited liability and beneficially owned by the Controlling Shareholders.

34 LIST OF AUDITORS OF THE SUBSIDIARIES

The statutory financial statements of the subsidiaries subject to statutory audit requirements were prepared in accordance with the relevant accounting rules and regulations applicable to the companies either in Hong Kong or the PRC and were audited by the following auditors:

Name of Company	Financial period	Statutory auditors
Hongkong Hydoo Group Investment Company Limited	Years ended 31 December 2010, 2011 and 2012	PKF Hong Kong 大信梁學濂(香港)會計師事務所
Hydoo Estate (Ganzhou)	Years ended 31 December 2010, 2011 and 2012	Jiangxi Lianxin Certified Public Accountants Co., Ltd. 江西聯信會計師事務所有限公司*
Ningxiang Property Development	Years ended 31 December 2010 and 2011	Hunan Deyuan Caihong Certified Public Accountants Co., Ltd. 湖南德緣彩虹有限責任會計師事務所*
	Year ended 31 December 2012	Hunan Meihaweilai United Certified Public Accountant Firm 湖南美好未來聯合會計師事務所*
Jining Hydoo Modern Industrial Company Limited	Period from 13 January 2010 to 31 December 2010 and the years ended 31 December 2011 and 2012	Shandong Haitian Certified Public Accountants Co., Ltd. 山東海天有限責任會計師事務所*
Jining Hydoo Logistics Center Development Company Limited	Period from 2 February 2010 to 31 December 2010 and the years ended 31 December 2011 and 2012	Shandong Haitian Certified Public Accountants Co., Ltd. 山東海天有限責任會計師事務所*
Mianyang West Modern Trade Center Development Company Limited	Period from 20 December 2010 to 31 December 2010 and the year ended 31 December 2011 and 2012	Sichuan Lijiu Accounting Firm Co., Ltd. 四川力久會計師事務所有限責任公司*

Name of Company	Financial period	Statutory auditors
Guangxi Yulin Modern Trade Center Development Company Limited	Period from 22 March 2011 to 31 December 2011 and the year ended 31 December 2012	Zhong Zhongyi (Guangxi) Certified Public Accountants Co., Ltd. 中眾益(廣西)會計師事務所有限公司*
Ningxiang Hydoo Guangcai Trade Center Property Services Company Limited	Period from 15 April 2011 to 31 December 2011 Year ended 31 December 2012	Changsha Tengda Unies Certified Public Accountant Firm 長沙騰達聯合會計師事務所* Hunan Meihaweilai Unites Certified Public Accountant Firm 湖南美好未來聯合會計師事務所*
Jining Hydoo Modern Logistics Company Limited	Period from 2 September 2011 to 31 December 2011 and the year ended 31 December 2012	Shandong Haitian Certified Public Accountants Co., Ltd. 山東海天有限責任會計師事務所*
Shenzhen Hydoo Investment Management Company Limited	Period from 27 October 2011 to 31 December 2011 and the year ended 31 December 2012	Shenzhen Hengda Certified Public Accountants Co., Ltd. 深圳衡大會計師事務所*
Yulin Hydoo Property Management Services Company Limited	Period from 4 January 2012 to 31 December 2012	Zhong Zhongyi (Guangxi) Certified Public Accountants Co., Ltd. 中眾益(廣西)會計師事務所有限公司*
Ganzhou Logistics Park	Period from 5 March 2012 to 31 December 2012	Jiangxi Dongshun Certified Public Accountants Co., Ltd 江西東順會計師事務所有限公司*
Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd.	Period from 4 May 2012 to 31 December 2012	XiangHao Certified Public Accountants Co., Ltd* 祥浩會計師事務所有限責任公司梧州分所
Heze Hydoo Commercial and Trade Center Company Limited	Period from 28 September 2012 to 31 December 2012	Shandong Peony Certified Public Accountants Ltd. 山東牡丹會計師事務所有限公司
Jining Hydoo Commercial Operation and Management Company Limited	Period from 12 November 2012 to 31 December 2012	Shandong Haitian Certified Public Accountants Co., Ltd. 山東海天有限責任會計師事務所*

* The English translation of the auditor is for reference only. The official names of these entities are in Chinese.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2013

Up to the date of issue of the Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 30 June 2013 and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group:

	<u>Effective for accounting period beginning on or after</u>
Amendments to IFRS 10, IFRS 12 and IAS 27, <i>Investment entities</i>	1 January 2014
Amendments to IAS 32, <i>Financial instruments: Presentation – Offsetting financial assets and financial liabilities</i>	1 January 2014
Amendments to IAS 36, <i>Recoverable amount disclosures for non-financial assets</i>	1 January 2014
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7 <i>Financial instruments: Disclosures – Mandatory effective date and transition disclosures</i>	1 January 2015

The Group is in the process of assessing what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application and has so far concluded that the adoption of these amendments, new standards and interpretations is unlikely to have a significant impact on the Financial Information.

D SUBSEQUENT EVENTS

Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 27 September 2013, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the global offering set out in the section headed "History and Corporate Structure", the directors had authorised to allot and issue a total of 3,197,274,175 shares, by way of capitalisation of the sum of HK\$31,972,742 standing to the credit of the share premium account of the Company, credited as fully paid at par to the Shareholders as appearing on the register of members of the Company.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2013.

Yours faithfully

KPMG
Certified Public Accountants
 Hong Kong

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below.

The information set forth in this appendix does not form part of the “Accountants’ Report” from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, 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” in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets of the Company and its subsidiaries (the “Group”) prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on our net tangible assets as at June 30, 2013 as if the Global Offering had taken place on that date. The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets of the Group as at June 30, 2013 or at any future dates following the Global Offering. The unaudited pro forma adjusted net tangible assets is based on our consolidated net tangible assets of our Group attributable to our equity shareholders as at June 30, 2013 as set out in the “Accountant’s Report” of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of June 30, 2013 ⁽¹⁾	Estimated impact to the consolidated net tangible assets attributable to equity shareholders of the Company upon the automatic conversion of redeemable convertible preference shares ⁽²⁾	Estimated net proceeds from the Global Offering ⁽³⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company ⁽⁴⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share ⁽⁴⁾⁽⁵⁾	
	RMB'000	RMB'000	RMB'000	RMB'000	In RMB	In HK\$
Based on an Offer Price of HK\$1.85 per Share	720,389	944,382	1,075,336	2,740,107	0.68	0.85
Based on an Offer Price of HK\$2.45 per Share	720,389	944,382	1,430,945	3,095,716	0.77	0.97

Notes:

- (1) The consolidated net tangible assets attributable to the equity shareholders of the Company as of June 30, 2013 is based on the consolidated net assets attributable to the equity shareholders of the Company of RMB723.3 million as of June 30, 2013 after deduction of the goodwill and intangible assets of RMB2.2 million and RMB0.7 million, respectively, as of the date as set out in Appendix I to this prospectus.

- (2) Conditional upon the Global Offering, the Company's redeemable convertible preference shares will be automatically converted to ordinary shares; whereby the carrying amounts of the redeemable convertible preference shares and the embedded derivative liabilities on redeemable convertible preference shares will be transferred to the Company's equity.
- (3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.85 and HK\$2.45 per Share, respectively, after deduction of the underwriting fees and other estimated related fees and expenses; and do not take into account any Shares which may be issued pursuant to the Over-allotment Option or of any Shares which may be issued upon the exercise of the options which may be granted under the Pre-IPO Share Option Scheme or of any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the Repurchase Mandate. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate of HK\$1.00 to RMB0.7966.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company and the amount per Share are arrived at after the adjustments as described in notes 2 and 3 above and on the basis that 4,018,000,000 Shares (including the Shares in issue as of June 30, 2013, and Shares that may be issued under the Capitalization Issue, the Global Offering and the automatic conversion of redeemable convertible preference shares) in issue immediately following the completion of the Global Offering but takes no account of any Shares which may be issued pursuant to the Over-allotment Option or of any Shares which may be issued upon the exercise of the options which may be granted under the Pre-IPO Share Option Scheme or of any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the Repurchase Mandate. For illustrative purpose, the unaudited pro forma adjusted net tangible assets per Share is translated from Renminbi into Hong Kong dollars at the exchange rate of HK\$1.00 to RMB0.7966.
- (5) As of July 31, 2013, our properties under development and completed properties held for sale were valued by Savills Valuation and Professional Services Limited, an independent valuer. We do not incorporate the revaluation surplus, representing the excess of market value of these property interests over their book value, in our consolidated financial information because our properties under development and completed properties held for sale are stated at the lower of cost and net realizable value for accounting purpose. The above adjustments do not take into account such revaluation surplus.
- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2013.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in connection with the unaudited pro forma financial information of the Group.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Hydoo International Holding Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Hydoo International Holding Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 June 2013 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus dated 18 October 2013 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 30 June 2013 as if the Global Offering had taken place at 30 June 2013. As part of this process, information about the Group's financial position as at 30 June 2013 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

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 ("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 ("HKSAE") 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 purpose 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 events or transactions as at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the 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' judgement, 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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.

KPMG

Certified Public Accountants

8th Floor

Prince's Building

10 Chater Road

Central

Hong Kong

18 October 2013

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 property valuer, in connection with their valuations as of 31 July 2013 of the properties of the Group.



The Directors
Hydoo International Holding Limited
30/F Block A
East Pacific International Center
7888 Shennan Boulevard
Futian District
Shenzhen
Guangdong Province
PRC

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

18 October 2013

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which Hydoo International Holding Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 31 July 2013 (the "date of valuation") for incorporation in a public offering document.

Unless otherwise stated, our valuation is our opinion of the market value of the property concerned 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".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In valuing the properties in Group I, which are held by the Group for occupation or for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession or subject to tenancy in their existing states by making reference to comparable sales transactions as available in the relevant markets and where appropriate, taking into account the existing tenancy.

In valuing the properties in Groups II and III, which are held by the Group under development and 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 or rental 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 Group IV, which are intended to be acquired by the Group in the PRC, but for which the Group has not yet obtained the Land-use Rights Certificates, we have ascribed no commercial values to the properties.

In valuing the properties in Groups V and VI, which are leased by the Group in the PRC and Hong Kong, we have assigned no commercial values to the properties, due to either to the short-term nature of the leases or the prohibition against assignments or sub-letting or otherwise due to lack of substantial profit rents.

In assessing the properties in Sub-group II (B) and Sub-group III (B), which are held by the Group under development and for future development, we have attributed no commercial values to these properties as transferability of these properties are restricted. However, for the Group's internal management reference purpose, we have reported the investment values (i.e. non-market value basis) of these properties in their existing states in the report.

According to the International Valuation Standards ("IVS"), which the HKIS Valuation Standards follows, it considered investment value in an entity-specific basis of value. Investment value as defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives".

The investment value also reflects the benefit received by an entity from holding the property (such as rental income) and therefore, does not necessarily involve a hypothetical exchange. Thus, a property which has no commercial value due to restrictions on transferability to dispose the property on stand-alone basis in the market does not necessarily represent it has no value contribution to the holding company. We need to state that the figures of the properties stated in Sub-group II (B) and Sub-group III (B) are not their market values, but are investment values.

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies 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 its legal adviser on PRC laws, Global Law Office, on the title to the properties. We have also accepted 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.

We have inspected the exterior and, where possible, the interior of the properties. 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.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on any property nor for any expenses or taxation which maybe 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 were carried out in November of 2012 and August of 2013 by our Mr. James Woo, Mr. Nick Cheung and various valuation assistants. Mr. James Woo is a professional member of the Royal Institution of Chartered Surveyors and Mr. Nick Cheung is a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance 1991 and a professional member of both The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

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.

Unless otherwise stated, all money amounts stated in our report are in Renminbi (RMB).

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Mr Anthony C K Lau is a qualified surveyor and has over 20 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

GROUP I – PROPERTIES HELD BY THE GROUP FOR OCCUPATION OR FOR SALE IN THE PRC

(Properties which are valued on market value basis)

No.	Property	Market value in existing state as at 31 July 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013
		(RMB)		(RMB)
1.	Portion of Haode Yinzuo (豪德·銀座), 18 Zhangjiang South Avenue, Zhanggong District, Ganzhou, Jiangxi Province, PRC	128,000,000	100%	128,000,000
2.	Portion of Ningxiang Trade Center (寧鄉商貿物流中心), 328 First Ring South Road, Yutan Town, Ningxiang County, Changsha, Hunan Province, PRC	573,000,000	100%	573,000,000
3.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	661,000,000	100%	661,000,000
4.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	93,000,000	100%	93,000,000
Sub-total:		1,455,000,000		1,455,000,000

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (A) – Properties which are valued on market value basis

No.	Property	Market value in existing state as at 31 July 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013
		(RMB)		(RMB)
5.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	830,000,000	100%	830,000,000
6.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	547,000,000	100%	547,000,000
7.	Portion of Wuzhou Trade Center (梧州商貿物流中心), Shundi Avenue, Changzhou District, Wuzhou, Guangxi Zhuang Autonomous Region, PRC	18,000,000	100%	18,000,000
8.	Portion of Heze Trade Center (荷澤商貿物流中心), South of Xinshi Railway, West of Xian Road Branch Line and West of State Road 220, Mudan District, Heze, Shandong Province, PRC	436,000,000	100%	436,000,000
	Sub-total:	1,831,000,000		1,831,000,000

Sub-group II (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Investment value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Investment value in existing state attributable to the Group as at 31 July 2013 (RMB)
9.	Portion of Ganzhou Trade Center (贛州商貿物流中心), Ganzhou Development Zone, Ganzhou, Jiangxi Province, PRC	3,635,000,000	100%	3,635,000,000
10.	Portion of Mianyang Trade Center (綿陽商貿物流中心), 115 Yuzhong Road, Fucheng District, Mianyang, Sichuan Province, PRC	1,336,000,000	100%	1,336,000,000
Sub-total:		4,971,000,000		4,971,000,000

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT IN THE PRC**Sub-group III (A) – Properties which are valued on market value basis**

No.	Property	Market value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 (RMB)
11.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	1,436,000,000	100%	1,436,000,000

APPENDIX III

PROPERTY VALUATION

No.	Property	Market value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 (RMB)
12.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	725,000,000	100%	725,000,000
13.	Portion of Wuzhou Trade Center (梧州商貿物流中心), Shundi Avenue, Changzhou District, Wuzhou, Guangxi Zhuang Autonomous Region, PRC	1,398,000,000	100%	1,398,000,000
14.	Portion of Heze Trade Center (荷澤商貿物流中心), South of Xinshi Railway, West of Xian Road Branch Line and West of State Road 220, Mudan District, Heze, Shandong Province, PRC	392,000,000	100%	392,000,000
15.	Portion of Xingning Trade Center (興寧商貿物流中心), South to Zhanqian Avenue, North to Ning River, West to Xingnan Avenue and East to Donghuan Avenue, Xingning, Guangdong Province, PRC	251,000,000	80%	200,800,000
Sub-total:		4,202,000,000		4,151,800,000

Sub-group III (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Investment value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Investment value in existing state attributable to the Group as at 31 July 2013 (RMB)
16.	Portion of Ganzhou Trade Center (贛州商貿物流中心), Ganzhou Development Zone, Ganzhou, Jiangxi Province, PRC	4,674,000,000	100%	4,674,000,000
17.	Portion of Ningxiang Trade Center (寧鄉商貿物流中心), 328 First Ring South Road, Yutan Town, Ningxiang County, Changsha, Hunan Province, PRC	116,000,000	100%	116,000,000
18.	Portion of Mianyang Trade Center (綿陽商貿物流中心), 115 Yuzhong Road, Fucheng District, Mianyang, Sichuan Province, PRC	253,000,000	100%	253,000,000
Sub-total:		5,043,000,000		5,043,000,000

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Market value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 (RMB)
19.	Portion of Ningxiang Trade Center (寧鄉商貿物流中心), 328 First Ring South Road, Yutan Town, Ningxiang County, Changsha, Hunan Province, PRC			No commercial value
20.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC			No commercial value
21.	Portion of Mianyang Trade Center (綿陽商貿物流中心), 115 Yuzhong Road, Fucheng District, Mianyang, Sichuan Province, PRC			No commercial value
22.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC			No commercial value

No.	Property	Market value in existing state as at 31 July 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013
		(RMB)		(RMB)
23.	Portion of Wuzhou Trade Center (梧州商貿物流中心), Shundi Avenue, Changzhou District, Wuzhou, Guangxi Zhuang Autonomous Region, PRC			No commercial value
24.	Portion of Heze Trade Center (荷澤商貿物流中心), South of Xinshi Railway, West of Xian Road Branch Line and West of State Road 220, Mudan District, Heze, Shandong Province, PRC			No commercial value
25.	Portion of Xingning Trade Center (興寧商貿物流中心), South to Zhanqian Avenue, North to Ning River, West to Xingnan Avenue and East to Donghuan Avenue, Xingning, Guangdong Province, PRC			No commercial value
26.	Yantai Trade Center (煙台商貿物流中心), South of Kuiyu Road, West of Kuiyu South Road, East of Huagong Road and Gangcheng West Avenue, Zhifu District, Yantai, Shandong Province, PRC			No commercial value

No.	Property	Market value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 (RMB)
27.	Lanzhou Trade Center (蘭州商貿物流中心), South of Liugouhe Bridge and East of Dashanding, Lanzhou, Gansu Province, PRC			No commercial value
Sub-total:				Nil

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Market value in existing state as at 31 July 2013 (RMB)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013 (RMB)
28.	30/F, Block A, East Pacific International Center, 7888 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, PRC			No commercial value
29.	Room 1001C, 10/F, Block A, East Pacific International Center, 7888 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, PRC			No commercial value

No.	Property	Market value in existing state as at 31 July 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013
		(RMB)		(RMB)
30.	Rooms 2801 to 2812, Yaohua Chuangjian Building (耀華創建大廈), South of Shennan Avenue and West of Tairan 9th Road, Futian District, Shenzhen, Guangdong Province, PRC			No commercial value
31.	Level 2, Mezzanine Floor and Level 3, Building Nos. 1 to 5, 10 Hongling Road, Wuzhou, Guangxi Zhuang Autonomous Region, PRC			No commercial value
32.	An office building located at 88 Guangfu Street, Heze, Shandong Province, PRC			No commercial value
33.	Levels 1 and 2 of Shop No. 2, Building No. A5, Guomao Garden (國貿花園), Xingnan Avenue, Xingning, Guangdong Province, PRC			No commercial value
		Sub-total:		Nil

GROUP VI – PROPERTY LEASED BY THE GROUP IN HONG KONG

No.	Property	Market value in existing state as at 31 July 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 July 2013
		(RMB)		(RMB)
34.	Unit 802, Tower 2, Lippo Centre, 89 Queensway, Hong Kong			No commercial value
	Sub-total:			Nil

VALUATION CERTIFICATE

GROUP I – PROPERTIES HELD BY THE GROUP FOR OCCUPATION OR FOR SALE IN THE PRC

(Properties which are valued on market value basis)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
1.	Portion of Haode Yinzuo (豪德·銀座), 18 Zhangjiang South Avenue, Zhanggong District, Ganzhou, Jiangxi Province, PRC	Haode Yinzuo (the “Development”) is a high-end residential and commercial development erected on a parcel of land with a site area of approximately 6,666 sq.m. (71,753 sq.ft.) and was completed in 2012. The property comprises various residential and office units of the Development with a total gross floor area of approximately 10,601 sq.m. (114,109 sq.ft.). The land use rights of the property have been granted for three concurrent terms expiring on 28 December 2048 and 28 December 2068 for commercial and residential uses respectively.	Portion of the property with a gross floor area of approximately 2,000 sq.m. is occupied by the Group for office use whilst the remaining portion is vacant.	RMB128,000,000 (100% interest attributable to the Group: RMB128,000,000)

Notes:

- Pursuant to three Land-use Rights Certificates – Gan Shi Zhi Guo Yong (2003) Zi Di Nos. A3010693, A3010695 and A3011815 dated 24 April 2003 and 16 July 2003 respectively, the land use rights of three parcels of land with a total site area of 79,901.79 sq.m. have been granted to Hydoo Estate (Ganzhou) Company Limited (毅德置業(贛州)有限公司) (“Hydoo Estate (Ganzhou)”), a wholly-owned subsidiary of the Company, for a term expiring on 28 December 2048 and 28 December 2068 for commercial and residential uses respectively.

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 Construction Land Planning Permit – No. 2003-86 dated 16 July 2003, Hydoo Estate (Ganzhou) is permitted to use a parcel of land with a site area of 86,215.42 sq.m. for commercial and residential uses. The approved site area was changed to 79,901.74 sq.m. on 17 October 2003.
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 Work Planning Permit – Jian Zi Di Fang Wu Jian No. 300701200800020 dated 5 June 2008, the approved construction scale of various buildings is 48,495.7 sq.m. for aboveground area and 8,668.2 sq.m. for underground area respectively.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Planning Permit mentioned above.
4. Pursuant to the Construction Work Commencement Permit – Zong Ban Zheng 362101200806180101 dated 18 June 2008, the approved construction scale of various buildings is 48,495.7 sq.m. for aboveground area and 8,668.2 sq.m. for underground area respectively.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Commencement Permit mentioned above.
5. Pursuant to the Pre-sale Permit – (2010) Fang Yu Shou Zheng Di No. 001 dated 20 January 2010, various buildings with a total gross floor area of 49,232.61 sq.m. have been permitted to be pre-sold.
As advised by the Group, the property comprises portion of the building area as stated in the Pre-sale Permit mentioned above.
6. Pursuant to the Completion Certificate – Gan Jian Bei Di No. 12300 dated 26 December 2012, the construction work of various buildings with a total gross floor area of 57,240 sq.m. has been examined and such examination has been recorded.
As advised by the Group, the property comprises portion of the building area as stated in the Completion Certificate mentioned above.
7. Pursuant to ten Building Ownership Certificates – Gan Fang Quan Zheng Zi Di Nos. S00299417 to S00299424, S00299451 and S00299452, the building ownership rights of various buildings with a total gross floor area of 2,044.82 sq.m. are vested in Hydoo Estate (Ganzhou).
As advised by the Group, the building areas as stated in the Building Ownership Certificates mentioned above only comprise portion of the property.
8. As advised by the Group, portion of the property with a total gross floor area of approximately 1,677 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB15,500,000. We have taken into account the said amount in our valuation.
9. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - i. Hydoo Estate (Ganzhou) has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Hydoo Estate (Ganzhou) has legally obtained the building ownership rights of the buildings and their relevant land use rights as stated in Note 7 and is entitled to occupy, use, let, transfer, mortgage or dispose of the building ownership rights by other lawful means;
 - iv. Hydoo Estate (Ganzhou) has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Hydoo Estate (Ganzhou) has a legal and complete development right for the property;
 - v. Hydoo Estate (Ganzhou) has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the area prescribed in the Pre-sale Permit; and
 - vi. the property is not subject to any seizure, mortgage or any kinds of limitation.
10. In the course of our valuation, we have assumed about RMB13,000/sq.m. for the office portion and about RMB6,000/sq.m. for the residential portion respectively of the property.
11. In undertaking our valuation of the property, we have identified and considered various recent sales transactions of the Development which have similar characteristics with the property. The prices of those sales transactions are about RMB12,000/sq.m. for office and about RMB5,000/sq.m. for residential respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions. Due adjustments to the unit rates of those sale transactions have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP I – PROPERTIES HELD BY THE GROUP FOR OCCUPATION OR FOR SALE IN THE PRC

(Properties which are valued on market value basis)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
2.	Portion of Ningxiang Trade Center (寧鄉商貿物流中心), 328 First Ring South Road, Yutan Town, Ningxiang County, Changsha, Hunan Province, PRC	Ningxiang Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). The property comprises portion of the Development with a total gross floor area of approximately 117,702 sq.m. (1,266,944 sq.ft.) and was completed in between 2011 and 2013. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the bus terminal and information center was subject to a tenancy agreement expiring on 31 December 2015 at a monthly rent of RMB32,400. The remaining portion of the property is vacant.	RMB573,000,000 (100% interest attributable to the Group: RMB573,000,000)

Use	Approximate Gross Floor Area (sq.m.)
Wholesale Trading Markets	13,353
Freight-forwarding Market	6,837
Commercial and Exhibition Center	32,860
Warehouse	21,195
Bus Terminal and Information Center	12,441
Serviced Apartments	31,016
Total:	117,702

The land use rights of the property have been granted for three concurrent terms expiring on 12 March 2050, 13 July 2050 and 23 October 2052 respectively for commercial use.

Notes:

- Pursuant to the Master Investment Agreement dated 19 May 2009 and its supplementary agreement dated 5 July 2009 entered into between the People's Government of Ningxiang County (寧鄉縣人民政府) and Hongkong Howard Group Development Company Limited (香港豪德集團開發有限公司), the People's Government of Ningxiang County has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hongkong Howard Group Development Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Site Area	:	Phase 1 – 500 mu Phases 2 and 3 – 1,500 mu
Gross Floor Area for Development	:	1,200,000 sq.m.
Land Use Term	:	Commercial – 40 years Ancillary Residential – 70 years
Special Requirement	:	30% of the property in terms of GFA must be retained and used for self-use or leasing purposes.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

- Pursuant to the modification letter dated 20 July 2009, Shenzhen Howard Investment Co., Ltd. (深圳市豪德投資有限公司) was assigned to be the investment subject of the Development.
- Pursuant to the following Land Grant Contracts dated between 12 March 2010 and 25 October 2012, the land use rights of four parcels of land with a total site area of 301,386.7 sq.m. have been agreed to be granted to Ningxiang Hydoo Guangcai Trade Center Development Company Limited (寧鄉毅德光彩貿易廣場開發有限公司) (“Ningxiang Hydoo Development”), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	2010024	2010024	28,156.3	Other Commercial Service: 40 years	25,490,000
2.	2010025	2010025	105,454.1	Other Commercial Service: 40 years	95,440,000
3.	2010050	2010050	112,869.3	Other Commercial Service: 40 years	102,150,000
4.	2012135	2012135	54,907.0	Other Commercial Service: 40 years	86,800,000
Total:			301,386.7	Total:	309,880,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

- Pursuant to the following Land-use Rights Certificates dated between 19 July 2010 and 27 December 2012 respectively, the land use rights of four parcels of land with a total site area of 301,386.5 sq.m. have been granted to Ningxiang Hydoo Development. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Ning (1) Guo Yong (2010) Di No. 190	112,869.3	Commercial: 13 July 2050
2.	Ning (1) Guo Yong (2011) Di No. 036	105,454.1	Commercial: 12 March 2050
3.	Ning (1) Guo Yong (2011) Di No. 037	28,156.3	Commercial: 12 March 2050
4.	Ning (1) Guo Yong (2011) Di No. 599	54,906.8	Commercial: 23 October 2052
Total:		301,386.5	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to the Construction Land Planning Permit – Ning Gui (Cheng Qu) Di Zi Di No. 2009038 dated 31 December 2009, Ningxiang Hydoo Development is permitted to use a parcel of land with a site area of 336,849 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
6. Pursuant to three Construction Work Planning Permits – Ning Gui (Cheng Qu) Jian Zi Di Nos. 201023, 201032 and 2011015 dated between 5 July 2010 and 11 May 2011, the approved construction scale of various buildings is 380,491.58 sq.m.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Planning Permits mentioned above.
7. Pursuant to four Construction Work Commencement Permits – Nos. 430111201007210101, 430111201007210201, 430111201008020401 and 430111201010210101 dated between 21 July 2010 and 21 October 2010, the approved construction scale of various buildings is 381,169 sq.m.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Commencement Permits mentioned above.
8. Pursuant to 81 Pre-sale Permits, various buildings with a total gross floor area of 370,174.57 sq.m. have been permitted to be pre-sold.
As advised by the Group, the property comprises portion of the building areas as stated in the Pre-sale Permits mentioned above.
9. Pursuant to 78 Completion Certificates dated between 19 December 2011 and 15 May 2013, the construction work of various buildings with a total gross floor area of 381,949.46 sq.m. has been examined and such examination has been recorded.
As advised by the Group, the property comprises portion of the building areas as stated in the Completion Certificates mentioned above.
10. As advised by the Group, portion of the property with a total gross floor area of approximately 5,394 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB25,200,000. We have taken into account the said amount in our valuation.
11. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - i. Ningxiang Hydoo Development has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Ningxiang Hydoo Development has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Ningxiang Hydoo Development has a legal and complete development right for the property;
 - iv. Ningxiang Hydoo Development has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the areas prescribed in the Pre-sale Permits; and
 - v. the property is not subject to any seizure, mortgage or any kinds of limitation.
12. In the course of our valuation, we have assumed about RMB5,000/sq.m. for the wholesale trading market portion, about RMB7,000/sq.m. for the commercial and exhibition center portion, about RMB5,000/sq.m. for the warehouse portion, about RMB4,000/sq.m. for the bus terminal and information center portion and about RMB5,000/sq.m. for the serviced apartment portion respectively of the property.
13. In undertaking our valuation of the property, we have identified and considered various recent sales transactions of the Development and some asking price references of some residential-typed developments which have similar characteristics with the property. The prices of those sales transactions are about RMB5,000/sq.m. for wholesale trading market and about RMB4,500/sq.m. for warehouse and the prices of those asking price references are about RMB5,000/sq.m. for residential-typed development respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions and asking price references. Due adjustments to the unit rates of those sale transactions and asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.
14. In respect of the valuation of the bus terminal and information center, as confirmed by the Group, the piece of land on which the bus terminal and information center of the property are situated is approved for commercial use. The Group informed us that after the existing tenancy agreement for the existing bus terminal and information center with the relevant shuttle bus operator tenant expires in 2015, the Group may sell this portion of the property as retail shops. Therefore, in accordance with the principle of valuing the property in its most optimal use, being retail shops, we have adopted direct comparison approach by making reference to the recent sales transaction record for wholesale trading market units of the property as well as taken into account the existing tenancy agreement for the bus terminal and information center.

VALUATION CERTIFICATE

GROUP I – PROPERTIES HELD BY THE GROUP FOR OCCUPATION OR FOR SALE IN THE PRC

(Properties which are valued on market value basis)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013								
3.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	Jining Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 2 million sq.m. (21,528,000 sq.ft.). The property comprises portion of the Development with a total gross floor area of approximately 91,626 sq.m. (986,262 sq.ft.) and was completed in 2012. Details of the uses and approximate gross floor areas of the property are as follows: <table><tr><th>Use</th><th>Approximate Gross Floor Area (sq.m.)</th></tr><tr><td>Wholesale Trading Markets</td><td>38,265</td></tr><tr><td>Shopping Mall</td><td>53,361</td></tr><tr><td>Total:</td><td>91,626</td></tr></table> The land use rights of the property have been granted for various concurrent terms expiring on 25 November 2050 and 26 March 2052 for commercial service use, 25 November 2052 and 20 March 2053 for wholesale and retail uses and 20 March 2083 for residential use respectively.	Use	Approximate Gross Floor Area (sq.m.)	Wholesale Trading Markets	38,265	Shopping Mall	53,361	Total:	91,626	The property is vacant.	RMB661,000,000 (100% interest attributable to the Group: RMB661,000,000)
Use	Approximate Gross Floor Area (sq.m.)											
Wholesale Trading Markets	38,265											
Shopping Mall	53,361											
Total:	91,626											

Notes:

- Pursuant to the Master Investment Agreement entered into between the People's Government of Shizhong District of Jining (濟寧市市中區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 23 November 2009, the People's Government of Shizhong District of Jining has agreed in principle to provide various parcels of land with a total site area of approximately 3,000 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phases 2 and 3 – 2,000 mu
Gross Floor Area for Development	:	3,000,000 sq.m.
Land Use Term	:	Commercial (Trade and Logistics) – 40 years Comprehensive and Ancillary Residential – 70 years

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement mentioned above.

- Pursuant to the transfer agreement dated 8 February 2010, the rights and obligations of the Development have been transferred to Jining Hydoo Logistics Center Development Company Limited (濟寧毅德物流城開發有限公司) ("Jining Logistics Center"), a wholly-owned subsidiary of the Company.
- Pursuant to the following Land Grant Contracts dated between 25 October 2010 and 20 March 2013, the land use rights of ten parcels of land with a total site area of 975,863 sq.m. have been agreed to be granted to Jining Logistics Center. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	Ji Guo Tu – 2010-0230	Ji Ning – 01-2010-0230	120,494	Commercial Service: 40 years	44,760,000
2.	Ji Guo Tu – 2010-0231	Ji Ning – 01-2010-0231	44,542	Commercial Service: 40 years	34,880,000
3.	Ji Guo Tu – 2010-0232	Ji Ning – 01-2010-0232	46,763	Commercial Service: 40 years	34,790,000
4.	Ji Guo Tu – 2010-0233	Ji Ning – 01-2010-0233	88,883	Commercial Service: 40 years	33,690,000
5.	Ji Guo Tu – 2012-0017	Ji Ning – 01-2012-0017	171,562	Commercial Service: 40 years	125,930,000
6.	Ji Guo Tu – 2012-0072	Ji Ning – 01-2012-0072	45,505	Wholesale and Retail: 40 years	34,000,000
7.	Ji Guo Tu – 2012-0073	Ji Ning – 01-2012-0073	152,978	Wholesale and Retail: 40 years	145,000,000
8.	Ji Guo Tu – 2013-0018	Ji Ning – 01-2013-0018	63,334	Wholesale and Retail: 40 years	67,000,000
9.	Ji Guo Tu – 2013-0019	Ji Ning – 01-2013-0019	98,350	Wholesale and Retail: 40 years Residential: 70 years	150,000,000
10.	Ji Guo Tu – 2013-0020	Ji Ning – 01-2013-0020	143,452	Wholesale and Retail: 40 years	155,000,000
Total:			975,863	Total:	825,050,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

4. Pursuant to the following Land-use Rights Certificates dated between 8 November 2010 and 9 September 2013, the land use rights of eleven parcels of land with a total site area of 975,863 sq.m. have been granted to Jining Logistics Center. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Ji Ning Guo Yong (2010) Di No. 0802100078-1	120,494	Commercial Service: 25 November 2050
2.	Ji Ning Guo Yong (2010) Di No. 0802100078-2	44,542	Commercial Service: 25 November 2050
3.	Ji Ning Guo Yong (2010) Di No. 0802100078-3	46,763	Commercial Service: 25 November 2050
4.	Ji Ning Guo Yong (2010) Di No. 0802100078-4	88,883	Commercial Service: 25 November 2050
5.	Ji Ning Guo Yong (2012) Di No. 0802120019	171,562	Commercial Service: 26 March 2052
6.	Ji Ning Guo Yong (2013) Di No. 0802130005-A	45,505	Wholesale and Retail: 25 November 2052
7.	Ji Ning Guo Yong (2013) Di No. 0802130006-A	152,978	Wholesale and Retail: 25 November 2052
8.	Ji Ning Guo Yong (2013) Di No. 0802130025-A	63,334	Wholesale and Retail: 20 March 2053
9.	Ji Ning Guo Yong (2013) Di No. 0802130026-A	143,452	Wholesale and Retail: 20 March 2053
10.	Ji Ning Guo Yong (2013) Di No. 0802130027-1-A	11,802	Wholesale and Retail: 20 March 2053
11.	Ji Ning Guo Yong (2013) Di No. 0802130027-2-A	86,548	Residential: 20 March 2083
Total:		975,863	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to five Construction Land Planning Permits – Di Zi Di Nos. 37 082010-Z017, 37 082012-Z002, 37 082013-Z001, 37 082013-Z006 and 37 082013-Z007 dated between 4 November 2010 and 25 March 2013, Jining Logistics Center is permitted to use five parcels of land with a total site area of 970,482 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.
6. Pursuant to four Construction Work Planning Permits – Jian Zi Di Nos. 37 082010-Z020, 37 082010-Z021, 37 082012-Z013 and 37 082012-Z014 dated 8 November 2010 and 20 April 2012 respectively, the approved construction scale of various buildings is 318,440.39 sq.m.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Planning Permits mentioned above.
7. Pursuant to four Construction Work Commencement Permits – Nos. 370802201011100101, 370802201011100201, 370802201011100301 and 370802201108050201 dated 10 November 2010 and 5 August 2011 respectively, the approved construction scale of various buildings is 318,440.39 sq.m.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Commencement Permits mentioned above.
8. Pursuant to four Pre-sale Permits – Ji Fang Kai Yu Zi [2010] Di No. 55, Ji Fang Kai Yu Zi [2011] Di Nos. 001 and 046 and Ji Fang Kai Yu Zi [2012] Di No. 001 dated between 16 December 2010 and 6 January 2012, various buildings with a total gross floor area of 316,398.39 sq.m. have been permitted to be pre-sold.
As advised by the Group, the property comprises portion of the building areas as stated in the Pre-sale Permits mentioned above.
9. Pursuant to 105 Completion Certificates dated between 16 January 2012 and 20 December 2012, the construction work of various buildings with a total gross floor area of 318,118.39 sq.m. has been examined and such examination has been recorded.
As advised by the Group, the property comprises portion of the building areas as stated in the Completion Certificates mentioned above.
10. As advised by the Group, portion of the property with a total gross floor area of approximately 15,968 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB85,700,000. We have taken into account the said amount in our valuation.

11. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - i. Jining Logistics Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. in respect of the land parcel (Land Plot: Ji Guo Tu – 2012-0017) as stated in No. 5 of Note 3 on which Jining Logistics Center had developed before obtaining the Land Grant Contract, it is unlikely for Jining Logistics Center to be subject to any administrative punishments as Jining Logistics Center has already obtained the relevant Land-use Rights Certificate for such land parcel and the confirmation letter of not imposing any penalties on Jining Logistics Center has also been issued from Jining Land Administration Bureau (濟寧市國土局);
 - iv. Jining Logistics Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Jining Logistics Center has a legal and complete development right for the property;
 - v. Jining Logistics Center has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the areas prescribed in the Pre-sale Permits;
 - vi. the property is subject to various mortgages. In respect of the mortgaged portion of the property, Jining Logistics Center is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - vii. apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.
12. In the course of our valuation, we have assumed about RMB6,000/sq.m. for the wholesale trading market portion and about RMB8,500/sq.m. for the shopping mall portion respectively of the property.
13. In undertaking our valuation of the property, we have identified and considered various recent sales transactions of the Development which have similar characteristics with the property. The prices of those sales transactions are about RMB5,500/sq.m. for wholesale trading market and about RMB9,000/sq.m. for shopping mall respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions. Due adjustments to the unit rates of those sale transactions have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP I – PROPERTIES HELD BY THE GROUP FOR OCCUPATION OR FOR SALE IN THE PRC

(Properties which are valued on market value basis)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
4.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	Yulin Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.1 million sq.m. (11,840,400 sq.ft.). The property comprises various units of the wholesale trading markets of the Development with a total gross floor area of approximately 16,156 sq.m. (173,903 sq.ft.) and was completed in 2012. The land use rights of the property have been granted for a term expiring on 30 July 2061 for commercial service use.	The property is vacant.	RMB93,000,000 (100% interest attributable to the Group: RMB93,000,000)

Notes:

- Pursuant to the Master Investment Agreement entered into between the People’s Government of Yulin (玉林市人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 November 2010, the People’s Government of Yulin has agreed in principle to provide various parcels of land with a total site area of approximately 1,800 mu to Hydoo HK for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement mentioned above.
- Pursuant to the Supplementary Agreement to the Master Investment Agreement entered into between Yulin Bureau of Commerce (玉林市商務局) and Hydoo HK on 15 January 2011, the total site area has been adjusted to 1,616 mu.
As advised by the Group, the property comprises portion of the land parcel as stated in the Supplementary Agreement mentioned above.
- Pursuant to the Land Grant Contract – Yu Tu Chu (2011) No. 003 dated 1 March 2011, the land use rights of a parcel of land (Land Plot 2011003) with a site area of 330,386.76 sq.m. have been agreed to be granted to Guangxi Yulin Modern Trade Center Development Company Limited (廣西玉林現代物流城開發有限公司) (“Yulin Modern Center”), a wholly-owned subsidiary of the Company, for a term of 50 years for comprehensive trade logistics use at a land grant fee of RMB143,530,000.
As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.
- Pursuant to the Land-use Rights Certificate – Yu Guo Yong (2012) Di No. 01000176 dated 14 March 2012, the land use rights of a parcel of land with a site area of 330,386.69 sq.m. have been granted to Yulin Modern Center for a term expiring on 30 July 2061 for commercial service use.
As advised by the Group, the property comprises portion of the land parcel as stated in the Land-use Rights Certificate mentioned above.

5. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 450900201100042 dated 8 October 2011, Yulin Modern Center is permitted to use a parcel of land with a site area of 330,386.76 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
6. Pursuant to the Construction Work Planning Permit – Jian Zi Di No. 450900201200011 dated 20 March 2012, the approved construction scale of various buildings is 96,510.3 sq.m.
As advised by the Group, the property comprises portion of the building area as stated in the Construction Work Planning Permit mentioned above.
7. Pursuant to the Construction Work Commencement Permit – No. 450901201204200201 dated 20 April 2012, the approved construction scale of various buildings is 96,501.56 sq.m.
As advised by the Group, the property comprises portion of the building area as stated in the Construction Work Commencement Permit mentioned above.
8. Pursuant to 35 Pre-sale Permits – Yu Fang Yu Shou Zheng Di Nos. 2012-17 to 2012-51, various buildings with a total gross floor area of 96,821.96 sq.m. have been permitted to be pre-sold.
As advised by the Group, the property comprises portion of the building areas as stated in the Pre-sale Permits mentioned above.
9. Pursuant to the Completion Certificate dated 21 December 2012, the construction work of various buildings with a total gross floor area of 96,501.56 sq.m. has been examined and such examination has been recorded.
As advised by the Group, the property comprises portion of the building area as stated in the Completion Certificate mentioned above.
10. As advised by the Group, portion of the property with a total gross floor area of approximately 11,685 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB66,100,000. We have taken into account the said amount in our valuation.
11. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - i. Yulin Modern Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Yulin Modern Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Yulin Modern Center has a legal and complete development right for the property;
 - iv. Yulin Modern Center has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the areas prescribed in the Pre-sale Permits; and
 - v. the property is not subject to any seizure, mortgage or any kinds of limitation.
12. In the course of our valuation, we have assumed about RMB6,000/sq.m. for the wholesale trading market portion of the property.
13. In undertaking our valuation of the property, we have identified and considered various recent sales transactions of the Development which have similar characteristics with the property. The prices of those sales transactions are about RMB6,000/sq.m. for wholesale trading market. The unit rates assumed by us are consistent with the aforesaid sales transactions. Due adjustments to the unit rates of those sale transactions have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
5.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	Jining Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 2 million sq.m. (21,528,000 sq.ft.).	The property is under construction.	RMB830,000,000

(100% interest attributable to the Group: RMB830,000,000)

According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 289,423 sq.m. (3,115,349 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:

Use	Approximate Gross Floor Area (sq.m.)
Commercial Center	63,396
Hotel	112,362
Wholesale Trading Markets	104,860
Office Buildings	8,805
Total:	289,423

As advised by the Group, the property is scheduled for completion in 2014.

The land use rights of the property have been granted for various concurrent terms expiring on 25 November 2050 and 26 March 2052 for commercial service use, 25 November 2052 and 20 March 2053 for wholesale and retail uses and 20 March 2083 for residential use respectively.

Notes:

- Pursuant to the Master Investment Agreement entered into between the People's Government of Shizhong District of Jining (濟寧市市中區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 23 November 2009, the People's Government of Shizhong District of Jining has agreed in principle to provide various parcels of land with a total site area of approximately 3,000 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phases 2 and 3 – 2,000 mu
Gross Floor Area for Development	:	3,000,000 sq.m.
Land Use Term	:	Commercial (Trade and Logistics) – 40 years Comprehensive and Ancillary Residential – 70 years

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement mentioned above.

- Pursuant to the transfer agreement dated 8 February 2010, the rights and obligations of the Development have been transferred to Jining Hydoo Logistics Center Development Company Limited (濟寧毅德物流城開發有限公司) ("Jining Logistics Center"), a wholly-owned subsidiary of the Company.
- Pursuant to the following Land Grant Contracts dated between 25 October 2010 and 20 March 2013, the land use rights of ten parcels of land with a total site area of 975,863 sq.m. have been agreed to be granted to Jining Logistics Center. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	Ji Guo Tu – 2010-0230	Ji Ning – 01-2010-0230	120,494	Commercial Service: 40 years	44,760,000
2.	Ji Guo Tu – 2010-0231	Ji Ning – 01-2010-0231	44,542	Commercial Service: 40 years	34,880,000
3.	Ji Guo Tu – 2010-0232	Ji Ning – 01-2010-0232	46,763	Commercial Service: 40 years	34,790,000
4.	Ji Guo Tu – 2010-0233	Ji Ning – 01-2010-0233	88,883	Commercial Service: 40 years	33,690,000
5.	Ji Guo Tu – 2012-0017	Ji Ning – 01-2012-0017	171,562	Commercial Service: 40 years	125,930,000
6.	Ji Guo Tu – 2012-0072	Ji Ning – 01-2012-0072	45,505	Wholesale and Retail: 40 years	34,000,000
7.	Ji Guo Tu – 2012-0073	Ji Ning – 01-2012-0073	152,978	Wholesale and Retail: 40 years	145,000,000
8.	Ji Guo Tu – 2013-0018	Ji Ning – 01-2013-0018	63,334	Wholesale and Retail: 40 years	67,000,000
9.	Ji Guo Tu – 2013-0019	Ji Ning – 01-2013-0019	98,350	Wholesale and Retail: 40 years Residential: 70 years	150,000,000
10.	Ji Guo Tu – 2013-0020	Ji Ning – 01-2013-0020	143,452	Wholesale and Retail: 40 years	155,000,000
Total:			975,863	Total:	825,050,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

4. Pursuant to the following Land-use Rights Certificates dated between 8 November 2010 and 9 September 2013, the land use rights of eleven parcels of land with a total site area of 975,863 sq.m. have been granted to Jining Logistics Center. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term
			Expiry Date
1.	Ji Ning Guo Yong (2010) Di No. 0802100078-1	120,494	Commercial Service: 25 November 2050
2.	Ji Ning Guo Yong (2010) Di No. 0802100078-2	44,542	Commercial Service: 25 November 2050
3.	Ji Ning Guo Yong (2010) Di No. 0802100078-3	46,763	Commercial Service: 25 November 2050
4.	Ji Ning Guo Yong (2010) Di No. 0802100078-4	88,883	Commercial Service: 25 November 2050
5.	Ji Ning Guo Yong (2012) Di No. 0802120019	171,562	Commercial Service: 26 March 2052
6.	Ji Ning Guo Yong (2013) Di No. 0802130005-A	45,505	Wholesale and Retail: 25 November 2052
7.	Ji Ning Guo Yong (2013) Di No. 0802130006-A	152,978	Wholesale and Retail: 25 November 2052
8.	Ji Ning Guo Yong (2013) Di No. 0802130025-A	63,334	Wholesale and Retail: 20 March 2053
9.	Ji Ning Guo Yong (2013) Di No. 0802130026-A	143,452	Wholesale and Retail: 20 March 2053
10.	Ji Ning Guo Yong (2013) Di No. 0802130027-1-A	11,802	Wholesale and Retail: 20 March 2053
11.	Ji Ning Guo Yong (2013) Di No. 0802130027-2-A	86,548	Residential: 20 March 2083
Total:		975,863	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to five Construction Land Planning Permits – Di Zi Di Nos. 37 082010-Z017, 37 082012-Z002, 37 082013-Z001, 37 082013-Z006 and 37 082013-Z007 dated between 4 November 2010 and 25 March 2013, Jining Logistics Center is permitted to use five parcels of land with a total site area of 970,482 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.
6. Pursuant to four Construction Work Planning Permits – Jian Zi Di Nos. 37 082011-Z047, 37 082012-Z040 (Huan), 37 082013-Z0019 (Bu) and 37 082013-Z0038 dated between 28 December 2011 and 15 July 2013, the approved construction scale of various buildings is 289,996.45 sq.m.
7. Pursuant to five Construction Work Commencement Permits – Nos. 370802201204060102, 370802201211070102, 370802201307030101, 370802201308090101 and 370802201308090201 dated between 6 April 2012 and 9 August 2013, the approved construction scale of various buildings is 289,432.25 sq.m.
8. Pursuant to two Pre-sale Permits – Ji Fang Kai Yu Zi [2013] Di Nos. 43 and 67 dated 8 July 2013 and 28 August 2013 respectively, various buildings with a total gross floor area of 198,476.89 sq.m. have been permitted to be pre-sold.
As advised by the Group, the building areas as stated in the Pre-sale Permits mentioned above only comprise portion of the property.
9. As advised by the Group, the total construction cost expended as at the date of valuation was RMB273,000,000 and the estimated outstanding construction cost for completion of the property will be RMB610,000,000. We have taken into account the aforesaid amounts in our valuation.
10. The market value of the property as if completed as at the date of valuation is estimated to be RMB1,879,000,000.

11. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Jining Logistics Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. in respect of the land parcel (Land Plot: Ji Guo Tu – 2012-0017) as stated in No. 5 of Note 3 on which Jining Logistics Center had developed before obtaining the Land Grant Contract, it is unlikely for Jining Logistics Center to be subject to any administrative punishments as Jining Logistics Center has already obtained the relevant Land-use Rights Certificate for such land parcel and the confirmation letter of not imposing any penalties on Jining Logistics Center has also been issued from Jining Land Administration Bureau (濟寧市國土局);
 - iv. Jining Logistics Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Jining Logistics Center has a legal and complete development right for the property;
 - v. Jining Logistics Center has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the areas prescribed in the Pre-sale Permits;
 - vi. the property is subject to various mortgages. In respect of the mortgaged portion of the property, Jining Logistics Center is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - vii. apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.
12. In the course of our valuation, we have assumed about RMB8,500/sq.m. for the commercial center portion, about RMB7,000/sq.m. for the hotel portion, about RMB6,000/sq.m. for the wholesale trading markets and about RMB8,500/sq.m. for the office portion respectively of the property if completed.
13. In undertaking our valuation of the property if completed, we have identified and considered various recent sales transactions of the Development and some asking price references of some office-typed developments which have similar characteristics with the property. The prices of those sales transactions are about RMB9,000/sq.m. for shopping mall and about RMB5,500/sq.m. for wholesale trading market and the price of those asking price references are about RMB8,000/sq.m. for office-typed development respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions and asking price references. Due adjustments to the unit rates of those sale transactions and asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013								
6.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	Yulin Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.1 million sq.m. (11,840,400 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 187,458 sq.m. (2,017,798 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows: <table><tr><th>Use</th><th>Approximate Gross Floor Area (sq.m.)</th></tr><tr><td>Wholesale Trading Markets</td><td>11,549</td></tr><tr><td>Shopping Malls</td><td>175,909</td></tr><tr><td>Total:</td><td>187,458</td></tr></table> As advised by the Group, the property is scheduled for completion in 2014. The land use rights of the property have been granted for a term expiring on 30 July 2061 for commercial service use.	Use	Approximate Gross Floor Area (sq.m.)	Wholesale Trading Markets	11,549	Shopping Malls	175,909	Total:	187,458	The property is under construction.	RMB547,000,000 (100% interest attributable to the Group; RMB547,000,000)
Use	Approximate Gross Floor Area (sq.m.)											
Wholesale Trading Markets	11,549											
Shopping Malls	175,909											
Total:	187,458											

Notes:

- Pursuant to the Master Investment Agreement entered into between the People’s Government of Yulin (玉林市人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 November 2010, the People’s Government of Yulin has agreed in principle to provide various parcels of land with a total site area of approximately 1,800 mu to Hydoo HK for the construction of logistics park.
- As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement mentioned above.

2. Pursuant to the Supplementary Agreement to the Master Investment Agreement entered into between Yulin Bureau of Commerce (玉林市商務局) and Hydoo HK on 15 January 2011, the total site area has been adjusted to 1,616 mu.
As advised by the Group, the property comprises portion of the land parcel as stated in the Supplementary Agreement mentioned above.
3. Pursuant to the Land Grant Contract – Yu Tu Chu (2011) No. 003 dated 1 March 2011, the land use rights of a parcel of land (Land Plot 2011003) with a site area of 330,386.76 sq.m. have been agreed to be granted to Guangxi Yulin Modern Trade Center Development Company Limited (廣西玉林現代物流城開發有限公司) (“Yulin Modern Center”), a wholly-owned subsidiary of the Company, for a term of 50 years for comprehensive trade logistics use at a land grant fee of RMB143,530,000.
As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.
4. Pursuant to the Land-use Rights Certificate – Yu Guo Yong (2012) Di No. 01000176 dated 14 March 2012, the land use rights of a parcel of land with a site area of 330,386.69 sq.m. have been granted to Yulin Modern Center for a term expiring on 30 July 2061 for commercial service use.
As advised by the Group, the property comprises portion of the land parcel as stated in the Land-use Rights Certificate mentioned above.
5. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 450900201100042 dated 8 October 2011, Yulin Modern Center is permitted to use a parcel of land with a site area of 330,386.76 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
6. Pursuant to three Construction Work Planning Permits – Jian Zi Di Nos. 450900201200022, 450900201200023 and 450900201200024 all dated 1 June 2012, the approved construction scale of various buildings is 220,712.89 sq.m.
As advised by the Group, the property comprises portion of the building areas as stated in the Construction Work Planning Permits mentioned above.
7. Pursuant to three Construction Work Commencement Permits – Nos. 4509012012100901001, 4509012012109200101 and 450901201307040101 dated between 20 September 2012 and 4 July 2013, the approved construction scale of various buildings is 187,457.82 sq.m.
8. Pursuant to three Pre-sale Permits – Yu Fang Yu Shou Zheng Di Nos. 2012-99 to 2012-101, various buildings with a total gross floor area of 101,395.31 sq.m. have been permitted to be pre-sold.
As advised by the Group, the property comprises portion of the building areas as stated in the Pre-sale Permits mentioned above.
9. As advised by the Group, portion of the property with a total gross floor area of approximately 65,705 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB569,000,000. We have taken into account the said amount in our valuation.
10. As advised by the Group, the total construction cost expended as at the date of valuation was RMB240,000,000 and the estimated outstanding construction cost for completion of the property will be RMB367,000,000. We have taken into account the aforesaid amounts in our valuation.
11. The market value of the property as if completed as at the date of valuation is estimated to be RMB1,219,000,000.
12. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Yulin Modern Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Yulin Modern Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Yulin Modern Center has a legal and complete development right for the property;
 - iv. Yulin Modern Center has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the areas prescribed in the Pre-sale Permits; and
 - v. the property is not subject to any seizure, mortgage or any kinds of limitation.
13. In the course of our valuation, we have assumed about RMB7,000/sq.m. for the wholesale trading market portion and about RMB9,000/sq.m. for the shopping mall portion respectively of the property if completed.
14. In undertaking our valuation of the property if completed, we have identified and considered various recent sales transactions of the Development which have similar characteristics with the property. The prices of those sales transactions are about RMB6,000/sq.m. for wholesale trading market and about RMB9,000/sq.m. for shopping mall respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions. Due adjustments to the unit rates of those sale transactions have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
7.	Portion of Wuzhou Trade Center (梧州商貿物流中心), Shundi Avenue, Changzhou District, Wuzhou, Guangxi Zhuang Autonomous Region, PRC	Wuzhou Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). According to the latest development proposal provided by the Group, the property will comprise various supporting buildings and facilities with a total gross floor area of approximately 5,449 sq.m. (58,653 sq.ft.). As advised by the Group, the property is scheduled for completion in 2013. The land use rights of the property have been granted for two concurrent terms expiring on 5 March 2053 for wholesale, retail, accommodation, catering and other commercial service uses and 5 March 2083 for residential use respectively.	The property is under construction.	RMB18,000,000 (100% interest attributable to the Group: RMB18,000,000)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Changzhou District of Wuzhou (梧州市長州區人民政府), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) and Jining Hydoo Modern Industrial Company Limited (濟寧毅德現代實業有限公司) (“Jining Modern Industrial”) in March 2012, the People’s Government of Changzhou District of Wuzhou has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hydoo HK and Jining Modern Industrial for the construction of logistics park.

As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the following Land Grant Contracts both dated 18 December 2012, the land use rights of two parcels of land with a total site area of 599,642.46 sq.m. have been agreed to be granted to Wuzhou Hydoo Commercial and Trade Center Development Company Limited (梧州毅德商貿物流城開發有限公司) (“Wuzhou Hydoo Development”), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	Wu Pai Gui [2012] No. 28	Wu Tu Chu Zi [2012] No. 037	119,408.13	Wholesale, Retail, Accommodation and Other Commercial Service: 40 years Residential: 70 years	47,000,000
2.	Wu Pai Gui [2012] No. 29	Wu Tu Chu Zi [2012] No. 038	480,234.33	Wholesale, Retail, Accommodation and Other Commercial Service: 40 years	188,800,000
Total:			599,642.46	Total:	235,800,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the following Land-use Rights Certificates both dated 9 January 2013, the land use rights of two parcels of land with a total site area of 599,642.26 sq.m. have been granted to Wuzhou Hydoo Development. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Wu Guo Yong (2013) Di No. 000131	119,408.13	Residential: 5 March 2083 Wholesale, Retail, Accommodation, Catering and Other Commercial Service: 5 March 2053
2.	Wu Guo Yong (2013) Di No. 000132	480,234.33	Wholesale, Retail, Accommodation, Catering and Other Commercial Service: 5 March 2053
Total:		599,642.46	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

4. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 450405201300006 dated 15 January 2013, Wuzhou Hydoo Development is permitted to use a parcel of land with a site area of 599,642.46 sq.m. As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
5. Pursuant to the Construction Work Planning Permit – Jian Zi Di No. 450405201300046 dated 8 May 2013, the approved construction scale of various buildings is 5,449 sq.m.
6. Pursuant to the Construction Work Commencement Permit – No. 450404201307220101 dated 22 July 2013, the approved construction scale of various buildings is 5,449 sq.m.
7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB9,200,000 and the estimated outstanding construction cost for completion of the property will be RMB4,400,000. We have taken into account the aforesaid amounts in our valuation.
8. The market value of the property as if completed as at the date of valuation is estimated to be RMB27,000,000.
9. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
- Wuzhou Hydoo Development has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - Wuzhou Hydoo Development has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Wuzhou Hydoo Development has a legal and complete development right for the property; and
 - the property is not subject to any seizure, mortgage or any kinds of limitation.
10. In the course of our valuation, we have assumed about RMB5,000/sq.m. for the supporting buildings and facilities of the property if completed.

11. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some office-typed developments which have similar characteristics with the property. The prices of those asking price references are about RMB7,000/sq.m. for office-typed development. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
8.	Portion of Heze Trade Center (荷澤商貿物流中心), South of Xinshi Railway, West of Xian Road Branch Line and West of State Road 220, Mudan District, Heze, Shandong Province, PRC	Heze Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 8 million sq.m. (86,112,000 sq.ft.). According to the latest development proposal provided by the Group, the property will comprise various units of the wholesale trading markets with a total gross floor area of approximately 237,785 sq.m. (2,559,518 sq.ft.). As advised by the Group, the property is scheduled for completion in 2014. The land use rights of the property have been granted for two concurrent terms expiring on 19 April 2053 years for commercial finance and wholesale and retail uses respectively.	The property is under construction.	RMB436,000,000 (100% interest attributable to the Group: RMB436,000,000)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Mudan District of Heze (荷澤市牡丹區人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 10 July 2012, the People’s Government of Mudan District of Heze has agreed in principle to provide various parcels of land with a total site area of approximately 12,000 mu to Hydoo HK for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the following Land Grant Contracts all dated 7 April 2013, the land use rights of three parcels of land with a total site area of 392,279.61 sq.m. have been agreed to be granted to Heze Hydoo Commercial and Trade Center Company Limited (荷澤毅德商貿物流城有限公司) (“Heze Hydoo Center”), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	No. 2013-1	He Ze-01-2013 Gua-0004	66,153.45	Commercial Finance: 40 years	25,601,340
2.	No. 2013-2	He Ze-01-2013 Gua-0005	151,054.13	Wholesale and Retail: 40 years	58,457,640
3.	No. 2013-3	He Ze-01-2013 Gua-0006	175,072.03	Wholesale and Retail: 40 years	67,753,380
Total:			392,279.61	Total:	151,812,360

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the following Land-use Rights Certificates all dated 20 May 2013, the land use rights of three parcels of land with a total site area of 392,279.61 sq.m. have been granted to Heze Hydoo Center. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	He Guo Yong (2013) Di No. 15208	66,153.45	Commercial Finance: 19 April 2053
2.	He Guo Yong (2013) Di No. 15209	151,054.13	Wholesale and Retail: 19 April 2053
3.	He Guo Yong (2013) Di No. 15210	175,072.03	Wholesale and Retail: 19 April 2053
Total:		392,279.61	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

4. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 372901201300002 dated 8 April 2013, Heze Hydoo Center is permitted to use a parcel of land with a site area of 392,279.61 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
5. Pursuant to three Construction Work Planning Permits – Jian Zi Di Nos. 372901201300007 to 372901201300009 all dated 5 June 2013, the approved construction scale of various buildings is 237,786.1 sq.m.
6. Pursuant to three Construction Work Commencement Permits – Nos. 371601201307170101, 371601201307170201 and 371601201307170301 all dated 17 July 2013, the approved construction scale of various buildings is 237,785 sq.m.
7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB21,400,000 and the estimated outstanding construction cost for completion of the property will be RMB478,000,000. We have taken into account the aforesaid amounts in our valuation.
8. The market value of the property as if completed as at the date of valuation is estimated to be RMB1,189,000,000.
9. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
- Heze Hydoo Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - Heze Hydoo Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Heze Hydoo Center has a legal and complete development right for the property; and
 - the property is not subject to any seizure, mortgage or any kinds of limitation.
10. In the course of our valuation, we have assumed about RMB5,000/sq.m. for the wholesale trading market portion of the property if completed.

11. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some wholesale trading markets which have similar characteristics with the property. The prices of those asking price references are about RMB10,000/sq.m. for wholesale trading market. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at 31 July 2013
9.	Portion of Ganzhou Trade Center (贛州商貿物流中心), Ganzhou Development Zone, Ganzhou, Jiangxi Province, PRC	Ganzhou Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1,475,298 sq.m. (15,880,108 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 759,268 sq.m. (8,172,761 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is under construction.	RMB3,635,000,000 (100% interest attributable to the Group: RMB3,635,000,000) (This is not a commercial value and see Note 12)

Use	Approximate Gross Floor Area (sq.m.)
Wholesale Trading Markets	588,068
Shopping Malls	171,200
Total:	<u>759,268</u>

As advised by the Group, the property is scheduled for completion in 2014.

The land use rights of the property have been granted for various terms. (Refer to Notes 2 and 3 for details)

Notes:

1. Pursuant to the Master Investment Agreement and its supplementary agreement entered into between Ganzhou Development Zone Management Committee (贛州開發區管理委員會), Hongkong Hydo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) and Shenzhen Northeast Commercial and Trade Company Limited (深圳東北城商貿有限公司) in December 2011, Ganzhou Development Zone Management Committee has agreed in principle to provide various parcels of land with a total site area of 2,992.35 mu to Hydoo HK and Shenzhen Northeast Commercial and Trade Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Usage and Site Area	:	Commercial and Commercial Services – 1,699.7 mu Storage – 275.1 mu Residential – 238.1 mu Public Facilities – 779.45 mu
Land Use Term	:	Commercial and Commercial Services – 40 years Residential – 70 years Storage and Others – 50 years
Special Requirement	:	Only 70% of the Development in terms of GFA (excluding residential portion) can be sold and the remaining portion can only be held for leasing or self-use within six years after the respective construction completion date.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the following Land Grant Contracts all dated 22 February 2012, the land use rights of eleven parcels of land with a total site area of 1,475,298 sq.m. have been agreed to be granted to Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited (贛州毅德商貿物流園開發有限公司) (“Ganzhou Logistics Park”), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	2011-71-1	36201211020004K	54,819	Commercial: 40 years Residential: 70 years	29,492,622
2.	2011-71-2	36201211020005K	103,899	Commercial: 40 years Residential: 70 years	55,170,369
3.	2011-71-3	3620121102000013K	115,774	Commercial Finance: 40 years	87,177,822
4.	2011-71-4	3620121102000014K	187,388	Commercial Finance: 40 years	91,445,344
5.	2011-71-5	36201211020006K	107,162	Commercial Finance: 40 years	81,293,093
6.	2011-71-6	36201211020007K	197,571	Commercial Finance: 40 years	97,402,503
7.	2011-71-7	36201211020008K	160,717	Commercial Finance: 40 years	67,018,989
8.	2011-71-8	362012110200009K	138,375	Commercial Finance: 40 years	75,829,500
9.	2011-71-9	362012110200010K	120,719	Commercial Finance: 40 years	60,721,657
10.	2011-71-10	3620121102000011K	105,504	Other Commercial Service: 40 years Commercial Finance: 40 years Street: 50 years Storage: 50 years	40,830,048
11.	2011-71-11	3620121102000012K	183,370		26,845,368
Total:			1,475,298	Total:	713,227,315

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the supplementary agreement to the aforesaid Land Grant Contracts dated 9 June 2013, only 70% of the Development in terms of GFA (excluding residential portion) can be sold and the remaining portion can only be held for leasing or self-use before 29 September 2023.
4. Pursuant to the following Land-use Rights Certificates dated 5 April 2012 and 5 September 2012 respectively, the land use rights of thirteen parcels of land with a total site area of 1,475,298 sq.m. have been granted to Ganzhou Logistics Park. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Gan Shi Kai Guo Yong (2012) Di No. 15	54,819	Commercial: 29 June 2052 Residential: 29 June 2082
2.	Gan Shi Kai Guo Yong (2012) Di No. 16	103,899	Commercial: 29 June 2052 Residential: 29 June 2082
3.	Gan Shi Kai Guo Yong (2012) Di No. 18	187,388	Commercial Finance: 29 June 2052
4.	Gan Shi Kai Guo Yong (2012) Di No. 19	107,162	Commercial Finance: 29 June 2052
5.	Gan Shi Kai Guo Yong (2012) Di No. 21	160,717	Commercial Finance: 29 June 2052
6.	Gan Shi Kai Guo Yong (2012) Di No. 22	138,375	Commercial Finance: 29 June 2052
7.	Gan Shi Kai Guo Yong (2012) Di No. 23	120,719	Commercial Finance: 29 June 2052
8.	Gan Shi Kai Guo Yong (2012) Di No. 24	105,504	Commercial Finance and Other Commercial Service (Community Carpark): 29 June 2052 Street (Freight Station): 29 June 2062
9.	Gan Shi Kai Guo Yong (2012) Di No. 25	183,370	Storage: 29 June 2062
10.	Gan Shi Kai Guo Yong (2012) Di No. 117	54,918	Commercial Finance: 29 June 2052
11.	Gan Shi Kai Guo Yong (2012) Di No. 118	60,856	Commercial Finance: 29 June 2052
12.	Gan Shi Kai Guo Yong (2012) Di No. 119	103,211	Commercial Finance: 29 June 2052
13.	Gan Shi Kai Guo Yong (2012) Di No. 121	94,360	Commercial Finance: 29 June 2052
Total:		<u>1,475,298</u>	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to eleven Construction Land Planning Permits – Di Zi Di Nos. 360701201210025-1, 360701201210025-2, 360701201210025-3, 360701201210025-4, 360701201210025-5, 360701201210025-6, 360701201210025-7, 360701201210025-8, 360701201210025-9, 360701201210025-10 and 360701201210025-11 all dated 16 March 2012, Ganzhou Logistics Park is permitted to use eleven parcels of land with a total site area of 1,475,298 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.

6. Pursuant to ten Construction Work Planning Permits – Jian Zi Di Nos. K360701201210091, K360701201210099, K360701201210107, K360701201210113, K360701201210117, K360701201310006, K360701201310007, K360701201310008, K360701201310013 and K360701201310014 dated between 14 November 2012 and 28 February 2013, the approved construction scale of various buildings is 759,268.025 sq.m.
7. Pursuant to nine Construction Work Commencement Permits – Nos. 362101201212270201, 362101201212270101, 362101201302040101, 362101201302040201, 362101201302040301, 362101201302040401, 362101201302040501, 362101201303130101 and 362101201303130201 dated between 27 December 2012 and 13 March 2013, the approved construction scale of various buildings is 759,268.025 sq.m.

8. Pursuant to the Pre-sale Permit – Gan Kai Fang Yu Shou Zheng Di No. 201306 dated 14 May 2013, various buildings with a total gross floor area of 663,714.33 sq.m. have been permitted to be pre-sold.
9. As advised by the Group, the total construction cost expended as at the date of valuation was RMB237,000,000 and the estimated outstanding construction cost for completion of the property will be RMB1,525,000,000. We have taken into account the aforesaid amounts in our valuation.
10. As advised by the Group, portion of the property with a gross floor area of approximately 547,831 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB4,900,000,000. We have taken into account the said amount in our valuation.
11. The investment value of the property as if completed as at the date of valuation is estimated to be RMB6,400,000,000.
12. We have attributed no commercial value i.e. market value to the property, as the transferability of the property is restricted. However, for the Group's internal reference purpose, we were advised to assess and report the investment value of the property in its existing state to the Group.
13. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - i. Ganzhou Logistics Park has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means in accordance with the Land Grant Contracts within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Ganzhou Logistics Park has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Ganzhou Logistics Park has a legal and complete development right for the property;
 - iv. Ganzhou Logistics Park has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the area prescribed in the Pre-sale Permit;
 - v. the property is subject to various mortgages. In respect of the mortgaged portion of the property, Ganzhou Logistics Park is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - vi. apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.
14. In the course of our valuation, we have assumed about RMB10,000/sq.m. for the wholesale trading market portion and about RMB13,000/sq.m. for the shopping mall portion respectively of the property if completed.
15. In undertaking our valuation of the property if completed, we have identified and considered various recent sales transactions of the Development which have similar characteristics with the property. The prices of those sales transactions are about RMB9,000/sq.m. for wholesale trading market and about RMB12,000/sq.m for shopping mall respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions. Due adjustments to the unit rates of those sale transactions have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP II – PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

Sub-group II (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at 31 July 2013
10.	Portion of Mianyang Trade Center (綿陽商貿物流中心), 115 Yuzhong Road, Fucheng District, Mianyang, Sichuan Province, PRC	Mianyang Trade Center (the “Development”) is a trade center project to be erected on various parcels of land with a total site area of approximately 0.9 million sq.m. (9,687,600 sq.ft.). According to the latest development proposal provided by the Group, the property will comprise various units of the wholesale trading markets with a total gross floor area of approximately 232,812 sq.m. (2,505,988 sq.ft.). As advised by the Group, the property is scheduled for completion in 2013. The land use rights of the property have been granted for a term expiring on 21 September 2051 for market and commercial uses.	The property is under construction.	RMB1,336,000,000 (100% interest attributable to the Group: RMB1,336,000,000) (This is not a commercial value and see Note 12)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Fucheng District of Mianyang (綿陽市涪城區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 1 December 2010, the People’s Government of Fucheng District of Mianyang has agreed in principle to provide various parcels of land with a total site area of approximately 1,400 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phase 2 – 400 mu
Land Use Term	:	Commercial – 40 years Ancillary Facilities – 70 years
Special Requirement	:	20% of the property in terms of GFA must be retained and used for self-use or leasing purposes.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the transfer agreement dated 24 December 2010, the rights and obligations of the Development have been transferred to Mianyang West Modern Trade Center Development Company Limited (綿陽西部現代物流城開發有限公司) (“Mianyang Modern Development”), a wholly-owned subsidiary of the Company.
3. Pursuant to the Land Grant Contract – Mian Shi Qu Yang [2011] No. 00076 dated 22 September 2011 and its supplementary agreement dated 15 December 2012, the land use rights of a parcel of land with a site area of 281,728.56 sq.m. have been agreed to be granted to Mianyang Modern Development for a term of 40 years for market and commercial uses at a land grant fee of RMB214,127,800.
As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contract mentioned above.
4. Pursuant to the following Land-use Rights Certificates all dated 11 January 2013, the land use rights of five parcels of land with a total site area of 281,728.56 sq.m. have been granted to Mianyang Modern Development. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Mian Cheng Guo Yong (2013) Di No. 01085	98,460.92	Market and Commercial: 21 September 2051
2.	Mian Cheng Guo Yong (2013) Di No. 01086	36,343.14	Market and Commercial: 21 September 2051
3.	Mian Cheng Guo Yong (2013) Di No. 01087	1,192.62	Market and Commercial: 21 September 2051
4.	Mian Cheng Guo Yong (2013) Di No. 01088	87,485.92	Market and Commercial: 21 September 2051
5.	Mian Cheng Guo Yong (2013) Di No. 01089	58,245.96	Market and Commercial: 21 September 2051
Total:		281,728.56	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to the Construction Land Planning Permit – Di Zi Di (2012) No. 030 dated 27 February 2012, Mianyang Modern Development is permitted to use a parcel of land with a site area of 329,037.1 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
6. Pursuant to three Construction Work Planning Permits – Jian Zi Di Nos. 3, 4 and 5 dated 10 January 2013 and 11 January 2013 respectively, the approved construction scale of various buildings is 232,754.9 sq.m.
7. Pursuant to two Construction Work Commencement Permits – Jian Shi Di (2013) Nos. 0010 and 0011 both dated 17 January 2013, the approved construction scale of various buildings is 232,811.97 sq.m.
8. Pursuant to three Pre-sale Permits – (2013) Fang Yu Shou Zheng Di Nos. 018 to 020 all dated 28 February 2013, various buildings with a total gross floor area of 121,283.73 sq.m. have been permitted to be pre-sold.
As advised by the Group, the property comprises portion of the building areas as stated in the Pre-sale Permits mentioned above.
9. As advised by the Group, the total construction cost expended as at the date of valuation was RMB420,000,000 and the estimated outstanding construction cost for completion of the property will be RMB96,600,000. We have taken into account the aforesaid amounts in our valuation.
10. As advised by the Group, portion of the property with a total gross floor area of approximately 98,046 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB592,000,000. We have taken into account the said amount in our valuation.
11. The investment value of the property as if completed as at the date of valuation is estimated to be RMB1,594,000,000.
12. We have attributed no commercial value i.e. market value to the property, as the transferability of the property is restricted. However, for the Group’s internal reference purpose, we were advised to assess and report the investment value of the property in its existing state to the Group.
13. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Mianyang Modern Development has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;

- iii. Mianyang Modern Development has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Mianyang Modern Development has a legal and complete development right for the property;
 - iv. Mianyang Modern Development has obtained the necessary permits for the pre-sale of the property and is entitled to pre-sell the areas prescribed in the Pre-sale Permits;
 - v. the property is subject to various mortgages. In respect of the mortgaged portion of the property, Mianyang Modern Development is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - vi. apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.
14. In the course of our valuation, we have assumed about RMB8,000/sq.m. for the wholesale trading market portion of the property if completed.
15. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some wholesale trading markets which have similar characteristics with the property. The prices of those asking price references are about RMB10,000 to 15,000/sq.m. for wholesale trading market. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
11.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	Jining Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 2 million sq.m. (21,528,000 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 594,360 sq.m. (6,397,691 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is vacant.	RMB1,436,000,000 (100% interest attributable to the Group: RMB1,436,000,000)

Use	Approximate Gross Floor Area (sq.m.)
Serviced Apartments	25,900
Office Buildings	107,300
Warehouses	131,757
Wholesale Trading Markets	138,689
Residential Area	190,714
Total:	594,360

The land use rights of the property have been granted for various concurrent terms expiring on 25 November 2050 and 26 March 2052 for commercial service use, 25 November 2052 and 20 March 2053 for wholesale and retail uses and 20 March 2083 for residential use respectively.

Notes:

- Pursuant to the Master Investment Agreement entered into between the People's Government of Shizhong District of Jining (濟寧市市中區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 23 November 2009, the People's Government of Shizhong District of Jining has agreed in principle to provide various parcels of land with a total site area of approximately 3,000 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phases 2 and 3 – 2,000 mu
Gross Floor Area for Development	:	3,000,000 sq.m.
Land Use Term	:	Commercial (Trade and Logistics) – 40 years Comprehensive and Ancillary Residential – 70 years

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement mentioned above.

- Pursuant to the transfer agreement dated 8 February 2010, the rights and obligations of the Development have been transferred to Jining Hydoo Logistics Center Development Company Limited (濟寧毅德物流城開發有限公司) ("Jining Logistics Center"), a wholly-owned subsidiary of the Company.
- Pursuant to the following Land Grant Contracts dated between 25 October 2010 and 20 March 2013, the land use rights of ten parcels of land with a total site area of 975,863 sq.m. have been agreed to be granted to Jining Logistics Center. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	Ji Guo Tu – 2010-0230	Ji Ning – 01-2010-0230	120,494	Commercial Service: 40 years	44,760,000
2.	Ji Guo Tu – 2010-0231	Ji Ning – 01-2010-0231	44,542	Commercial Service: 40 years	34,880,000
3.	Ji Guo Tu – 2010-0232	Ji Ning – 01-2010-0232	46,763	Commercial Service: 40 years	34,790,000
4.	Ji Guo Tu – 2010-0233	Ji Ning – 01-2010-0233	88,883	Commercial Service: 40 years	33,690,000
5.	Ji Guo Tu – 2012-0017	Ji Ning – 01-2012-0017	171,562	Commercial Service: 40 years	125,930,000
6.	Ji Guo Tu – 2012-0072	Ji Ning – 01-2012-0072	45,505	Wholesale and Retail: 40 years	34,000,000
7.	Ji Guo Tu – 2012-0073	Ji Ning – 01-2012-0073	152,978	Wholesale and Retail: 40 years	145,000,000
8.	Ji Guo Tu – 2013-0018	Ji Ning – 01-2013-0018	63,334	Wholesale and Retail: 40 years	67,000,000
9.	Ji Guo Tu – 2013-0019	Ji Ning – 01-2013-0019	98,350	Wholesale and Retail: 40 years Residential: 70 years	150,000,000
10.	Ji Guo Tu – 2013-0020	Ji Ning – 01-2013-0020	143,452	Wholesale and Retail: 40 years	155,000,000
Total:			975,863	Total:	825,050,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

4. Pursuant to the following Land-use Rights Certificates dated between 8 November 2010 and 9 September 2013, the land use rights of eleven parcels of land with a total site area of 975,863 sq.m. have been granted to Jining Logistics Center. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Ji Ning Guo Yong (2010) Di No. 0802100078-1	120,494	Commercial Service: 25 November 2050
2.	Ji Ning Guo Yong (2010) Di No. 0802100078-2	44,542	Commercial Service: 25 November 2050
3.	Ji Ning Guo Yong (2010) Di No. 0802100078-3	46,763	Commercial Service: 25 November 2050
4.	Ji Ning Guo Yong (2010) Di No. 0802100078-4	88,883	Commercial Service: 25 November 2050
5.	Ji Ning Guo Yong (2012) Di No. 0802120019	171,562	Commercial Service: 26 March 2052
6.	Ji Ning Guo Yong (2013) Di No. 0802130005-A	45,505	Wholesale and Retail: 25 November 2052
7.	Ji Ning Guo Yong (2013) Di No. 0802130006-A	152,978	Wholesale and Retail: 25 November 2052
8.	Ji Ning Guo Yong (2013) Di No. 0802130025-A	63,334	Wholesale and Retail: 20 March 2053
9.	Ji Ning Guo Yong (2013) Di No. 0802130026-A	143,452	Wholesale and Retail: 20 March 2053
10.	Ji Ning Guo Yong (2013) Di No. 0802130027-1-A	11,802	Wholesale and Retail: 20 March 2053
11.	Ji Ning Guo Yong (2013) Di No. 0802130027-2-A	86,548	Residential: 20 March 2083
Total:		975,863	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to five Construction Land Planning Permits – Di Zi Di Nos. 37 082010-Z017, 37 082012-Z002, 37 082013-Z001, 37 082013-Z006 and 37 082013-Z007 dated between 4 November 2010 and 25 March 2013, Jining Logistics Center is permitted to use five parcels of land with a total site area of 970,482 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.
6. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- Jining Logistics Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - in respect of the land parcel (Land Plot: Ji Guo Tu – 2012-0017) as stated in No. 5 of Note 3 on which Jining Logistics Center had developed before obtaining the Land Grant Contract, it is unlikely for Jining Logistics Center to be subject to any administrative punishments as Jining Logistics Center has already obtained the relevant Land-use Rights Certificate for such land parcel and the confirmation letter of not imposing any penalties on Jining Logistics Center has also been issued from Jining Land Administration Bureau (濟寧市國土局);
 - Jining Logistics Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Jining Logistics Center has a legal and complete development right for the property;
 - the property is subject to various mortgages. In respect of the mortgaged portion of the property, Jining Logistics Center is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.

7. In the course of our valuation, we have assumed about RMB6,000/sq.m. for the serviced apartment portion, about RMB6,000/sq.m. for the wholesale trading market portion, about RMB7,000/sq.m. for the office portion, about RMB5,500/sq.m. for the warehouse portion and about RMB6,000/sq.m. for the residential portion respectively of the property if completed.
8. In undertaking our valuation of the property if completed, we have identified and considered various recent sales transactions of the Development and some asking price references of some office and residential-typed developments which have similar characteristics with the property. The prices of those sales transactions are about RMB5,500/sq.m. for wholesale trading market and the prices of those asking price references are about RMB8,000/sq.m. for office-typed development and about RMB6,000/sq.m. for residential-typed development respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions and asking price references. Due adjustments to the unit rates of those sale transactions and asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013														
12.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	Yulin Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.1 million sq.m. (11,840,400 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 323,222 sq.m. (3,479,162 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows: <table><thead><tr><th>Use</th><th>Approximate Gross Floor Area (sq.m.)</th></tr></thead><tbody><tr><td>Wholesale Trading Markets</td><td>115,978</td></tr><tr><td>Serviced Apartments</td><td>34,179</td></tr><tr><td>Shopping Malls</td><td>46,200</td></tr><tr><td>Hotel</td><td>83,640</td></tr><tr><td>Office Building</td><td>43,225</td></tr><tr><td>Total:</td><td>323,222</td></tr></tbody></table> The land use rights of the property have been granted for a term expiring on 30 July 2061 for commercial service use.	Use	Approximate Gross Floor Area (sq.m.)	Wholesale Trading Markets	115,978	Serviced Apartments	34,179	Shopping Malls	46,200	Hotel	83,640	Office Building	43,225	Total:	323,222	The property is vacant.	RMB725,000,000 (100% interest attributable to the Group: RMB725,000,000)
Use	Approximate Gross Floor Area (sq.m.)																	
Wholesale Trading Markets	115,978																	
Serviced Apartments	34,179																	
Shopping Malls	46,200																	
Hotel	83,640																	
Office Building	43,225																	
Total:	323,222																	

Notes:

- Pursuant to the Master Investment Agreement entered into between the People’s Government of Yulin (玉林市人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 November 2010, the People’s Government of Yulin has agreed in principle to provide various parcels of land with a total site area of approximately 1,800 mu to Hydoo HK for the construction of logistics park.

As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement mentioned above.

2. Pursuant to the Supplementary Agreement to the Master Investment Agreement entered into between Yulin Bureau of Commerce (玉林市商務局) and Hydoo HK on 15 January 2011, the total site area has been adjusted to 1,616 mu.
As advised by the Group, the property comprises portion of the land parcel as stated in the Supplementary Agreement mentioned above.
3. Pursuant to the Land Grant Contract – Yu Tu Chu (2011) No. 003 dated 1 March 2011, the land use rights of a parcel of land (Land Plot 2011003) with a site area of 330,386.76 sq.m. have been agreed to be granted to Guangxi Yulin Modern Trade Center Development Company Limited (廣西玉林現代物流城開發有限公司) (“Yulin Modern Center”), a wholly-owned subsidiary of the Company, for a term of 50 years for comprehensive trade logistics use at a land grant fee of RMB143,530,000.
As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.
4. Pursuant to the Land-use Rights Certificate – Yu Guo Yong (2012) Di No. 01000176 dated 14 March 2012, the land use rights of a parcel of land with a site area of 330,386.69 sq.m. have been granted to Yulin Modern Center for a term expiring on 30 July 2061 for commercial service use.
As advised by the Group, the property comprises portion of the land parcel as stated in the Land-use Rights Certificate mentioned above.
5. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 450900201100042 dated 8 October 2011, Yulin Modern Center is permitted to use a parcel of land with a site area of 330,386.76 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
6. Pursuant to the Construction Work Planning Permit – Jian Zi Di No. 450900201200022 dated 1 June 2012, the approved construction scale of various buildings is 87,999.19 sq.m.
As advised by the Group, the property comprises portion of the building area as stated in the Construction Work Planning Permit mentioned above.
7. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. Yulin Modern Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Yulin Modern Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Yulin Modern Center has a legal and complete development right for the property; and
 - iv. the property is not subject to any seizure, mortgage or any kinds of limitation.
8. In the course of our valuation, we have assumed about RMB6,000/sq.m. for the wholesale trading market portion, about RMB9,000/sq.m. for the shopping mall portion, about RMB8,000/sq.m. for the office portion, about RMB8,000/sq.m. for the serviced apartment portion and about RMB12,000/sq.m. for the hotel portion respectively of the property if completed.
9. In undertaking our valuation of the property if completed, we have identified and considered various recent sales transactions of the Development and some asking price references of some office and residential-typed developments which have similar characteristics with the property. The prices of those sales transactions are about RMB6,000/sq.m. for wholesale trading market and about RMB9,000/sq.m. for shopping mall and the prices of those asking price references are about RMB9,000/sq.m. for office and residential-typed developments respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions and asking price references. Due adjustments to the unit rates of those sale transactions and asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
13.	Portion of Wuzhou Trade Center (梧州商貿物流中心), Shundi Avenue, Changzhou District, Wuzhou, Guangxi Zhuang Autonomous Region, PRC	Wuzhou Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 1,066,349 sq.m. (11,478,181 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is vacant.	RMB1,398,000,000 (100% interest attributable to the Group: RMB1,398,000,000)

Use	Approximate Gross Floor Area (sq.m.)
Wholesale Trading Markets	289,881
Shopping Malls	95,733
Commercial and Exhibition Center	67,855
Office Buildings	182,158
Hotel	119,565
Residential Area	311,157
Total:	<u>1,066,349</u>

The land use rights of the property have been granted for two concurrent terms expiring on 5 March 2053 for wholesale, retail, accommodation, catering and other commercial service uses and 5 March 2083 for residential use respectively.

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People's Government of Changzhou District of Wuzhou (梧州市長州區人民政府), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) ("Hydoo HK") and Jining Hydoo Modern Industrial Company Limited (濟寧毅德現代實業有限公司) ("Jining Modern Industrial") in March 2012, the People's Government of Changzhou District of Wuzhou has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hydoo HK and Jining Modern Industrial for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement and its supplementary agreement mentioned above.
- Pursuant to the following Land Grant Contracts both dated 18 December 2012, the land use rights of two parcels of land with a total site area of 599,642.46 sq.m. have been agreed to be granted to Wuzhou Hydoo Commercial and Trade Center Development Company Limited (梧州毅德商貿物流城開發有限公司) ("Wuzhou Hydoo Development"), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	Wu Pai Gui [2012] No. 28	Wu Tu Chu Zi [2012] No. 037	119,408.13	Wholesale, Retail, Accommodation and Other Commercial Service: 40 years Residential: 70 years	47,000,000
2.	Wu Pai Gui [2012] No. 29	Wu Tu Chu Zi [2012] No. 038	480,234.33	Wholesale, Retail, Accommodation and Other Commercial Service: 40 years	188,800,000
Total:			599,642.46	Total:	235,800,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

- Pursuant to the following Land-use Rights Certificates both dated 9 January 2013, the land use rights of two parcels of land with a total site area of 599,642.26 sq.m. have been granted to Wuzhou Hydoo Development. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Wu Guo Yong (2013) Di No. 000131	119,408.13	Residential: 5 March 2083 Wholesale, Retail, Accommodation, Catering and Other Commercial Service: 5 March 2053
2.	Wu Guo Yong (2013) Di No. 000132	480,234.33	Wholesale, Retail, Accommodation, Catering and Other Commercial Service: 5 March 2053
Total:		599,642.46	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

- Pursuant to the Construction Land Planning Permit – Di Zi Di No. 450405201300006 dated 15 January 2013, Wuzhou Hydoo Development is permitted to use a parcel of land with a site area of 599,642.46 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
- Pursuant to the Construction Work Planning Permit – Jian Zi Di No. 450405201300060 dated 22 July 2013, the approved construction scale of various buildings is 69,186.95 sq.m.
As advised by the Group, the building area as stated in the Construction Work Planning Permit mentioned above only comprises portion of the property.
- Pursuant to the Construction Work Commencement Permit – No. 450404201308260101 dated 26 August 2013, the approved construction scale of various buildings is 69,186 sq.m.
As advised by the Group, the building area as stated in the Construction Work Commencement Permit mentioned above only comprise portion of the property.

7. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - i. Wuzhou Hydoo Development has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled;
 - iii. Wuzhou Hydoo Development has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Wuzhou Hydoo Development has a legal and complete development right for the property; and
 - iv. the property is not subject to any seizure, mortgage or any kinds of limitation.
8. In the course of our valuation, we have assumed about RMB6,000/sq.m. for the wholesale trading market portion, about RMB7,000/sq.m. for the shopping mall portion, about RMB7,000/sq.m. for the commercial and exhibition center portion, about RMB6,500/sq.m. for the office portion, about RMB11,000 for the hotel portion and about RMB5,000/sq.m. for the residential portion respectively of the property if completed.
9. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some wholesale trading markets and office and residential-typed developments which have similar characteristics with the property. The prices of those asking price references are about RMB10,000/sq.m. for wholesale trading market and shopping mall, about RMB5,000/sq.m. for residential-typed development and about RMB7,000/sq.m. for office-typed development respectively. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
14.	Portion of Heze Trade Center (荷澤商貿物流中心), South of Xinshi Railway, West of Xian Road Branch Line and West of State Road 220, Mudan District, Heze, Shandong Province, PRC	Heze Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 8 million sq.m. (86,112,000 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 373,824 sq.m. (4,023,842 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is vacant.	RMB392,000,000 (100% interest attributable to the Group: RMB392,000,000)

Use	Approximate Gross Floor Area (sq.m.)
Wholesale Trading Markets	108,377
Shopping Malls	161,688
Office Buildings	58,924
Residential Area	37,583
Supporting Building and Facilities	7,252
Total:	373,824

The land use rights of the property have been granted for two concurrent terms expiring on 19 April 2053 for commercial finance and wholesale and retail uses respectively.

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People's Government of Mudan District of Heze (荷澤市牡丹區人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 10 July 2012, the People's Government of Mudan District of Heze has agreed in principle to provide various parcels of land with a total site area of approximately 12,000 mu to Hydoo HK for the construction of logistics park. As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the following Land Grant Contracts all dated 7 April 2013, the land use rights of three parcels of land with a total site area of 392,279.61 sq.m. have been agreed to be granted to Heze Hydoo Commercial and Trade Center Company Limited (荷澤毅德商貿物流城有限公司) (“Heze Hydoo Center”), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	No. 2013-1	He Ze-01-2013 Gua-0004	66,153.45	Commercial Finance: 40 years	25,601,340
2.	No. 2013-2	He Ze-01-2013 Gua-0005	151,054.13	Wholesale and Retail: 40 years	58,457,640
3.	No. 2013-3	He Ze-01-2013 Gua-0006	175,072.03	Wholesale and Retail: 40 years	67,753,380
Total:			392,279.61	Total:	151,812,360

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the following Land-use Rights Certificates all dated 20 May 2013, the land use rights of three parcels of land with a total site area of 392,279.61 sq.m. have been granted to Heze Hydoo Center. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	He Guo Yong (2013) Di No. 15208	66,153.45	Commercial Finance: 19 April 2053
2.	He Guo Yong (2013) Di No. 15209	151,054.13	Wholesale and Retail: 19 April 2053
3.	He Guo Yong (2013) Di No. 15210	175,072.03	Wholesale and Retail: 19 April 2053
Total:		392,279.61	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

4. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 372901201300002 dated 8 April 2013, Heze Hydoo Center is permitted to use a parcel of land with a site area of 392,279.61 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
- Heze Hydoo Center has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - Heze Hydoo Center has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Heze Hydoo Center has a legal and complete development right for the property; and
 - the property is not subject to any seizure, mortgage or any kinds of limitation.
6. In the course of our valuation, we have assumed about RMB5,000/sq.m. for the wholesale trading market portion, about RMB6,500/sq.m. for the shopping mall portion, about RMB6,000 for the office portion and about RMB5,000/sq.m. for the residential portion respectively of the property if completed.
7. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some wholesale trading markets, shopping mall developments and office and residential-typed developments which have similar characteristics with the property. The prices of those asking price references are about RMB10,000/sq.m. for wholesale trading market and shopping mall, about RMB6,000/sq.m. for office-typed development and about RMB5,000/sq.m. for residential-typed development respectively. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (A) – Properties which are valued on market value basis

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
15.	Portion of Xingning Trade Center (興寧商貿物流中心), South to Zhanqian Avenue, North to Ning River, West to Xingnan Avenue and East to Donghuan Avenue, Xingning, Guangdong Province, PRC	Xingning Trade Center (the “Development”) is a trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 194,804 sq.m. (2,096,870 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is vacant.	RMB251,000,000 (80% interest attributable to the Group: RMB200,800,000)

Use	Approximate Gross Floor Area (sq.m.)
Wholesale Trading Markets	140,834
Office Buildings	46,615
Supporting Buildings and Facilities	7,355
Total:	194,804

The land use rights of the property have been granted for two concurrent terms expiring on 15 April 2053 for commercial use and 15 April 2083 for residential use respectively.

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Xingning (興寧市人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 October 2012, the People’s Government of Xingning has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hydoo HK for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the Land Grant Contract – No. 441481-2013-000186 dated 15 April 2013, the land use rights of a parcel of land with a site area of 170,509.07 sq.m. have been agreed to be granted to Xingning Hydoo Commercial and Trade Centre Company Limited (興寧毅德商貿物流城有限公司) (“Xingning Hydoo”), a 80% owned subsidiary of the Company, for two concurrent terms of 40 years for other commercial use and 70 years for residential use respectively at a land grant fee of RMB51,152,721.
3. Pursuant to the following Land-use Rights Certificates all dated 7 May 2013, the land use rights of two parcels of land with a total site area of 170,509 sq.m. have been granted to Xingning Hydoo. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term
			Expiry Date
1.	Xing Fu Guo Yong (2013) Di No. 05-091	20,754	Commercial 15 April 2053 Residential: 15 April 2083
2.	Xing Fu Guo Yong (2013) Di No. 05-092	149,755	Commercial 15 April 2053 Residential: 15 April 2083
Total:		170,509	

4. Pursuant to two Construction Land Planning Permit – Di Zi Di Nos. 2013 (08) and 2013 (09) both dated 5 June 2013, Xingning Hydoo is permitted to use two parcels of land with a total site area of 170,509 sq.m.
5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. Xingning Hydoo has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - ii. the land grant fee of the land use rights has been fully settled; and
 - iii. the property is not subject to any seizure, mortgage or any kinds of limitation.
6. In the course of our valuation, we have assumed about RMB4,000/sq.m. for the wholesale trading market portion and about RMB6,000/sq.m. for the office portion respectively of the property if completed.
7. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some wholesale trading markets, shopping mall developments and office-typed developments which have similar characteristics with the property. The prices of those asking price references are about RMB5,000/sq.m. for wholesale trading market and shopping mall and about RMB4,000/sq.m. for office-typed development respectively. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at 31 July 2013
16.	Portion of Ganzhou Trade Center (贛州商貿物流中心), Ganzhou Development Zone, Ganzhou, Jiangxi Province, PRC	Ganzhou Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1,475,298 sq.m. (15,880,108 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 2,806,735 sq.m. (30,211,696 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is vacant.	RMB4,674,000,000 (100% interest attributable to the Group: RMB4,674,000,000) (This is not a commercial value and see Note 6)

Approximate Gross Floor Area	
Use	(sq.m.)
Wholesale Trading Markets	29,261
Shopping Malls	521,621
Food Street	42,783
Commercial and Exhibition Center	93,347
Office Buildings	666,953
Hotels	339,072
Residential Area	589,816
Warehouses	479,320
Bus Terminal and Shipping Depot	44,562
Total:	<u>2,806,735</u>

The land use rights of the property have been granted for various terms. (Refer to Notes 2 and 3 for details)

Notes:

1. Pursuant to the Master Investment Agreement and its supplementary agreement entered into between Ganzhou Development Zone Management Committee (贛州開發區管理委員會), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) and Shenzhen Northeast Commercial and Trade Company Limited (深圳東北城商貿有限公司) in December 2011, Ganzhou Development Zone Management Committee has agreed in principle to provide various parcels of land with a total site area of 2,992.35 mu to Hydoo HK and Shenzhen Northeast Commercial and Trade Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Usage and Site Area	:	Commercial and Commercial Services – 1,699.7 mu Storage – 275.1 mu Residential – 238.1 mu Public Facilities – 779.45 mu
Land Use Term	:	Commercial and Commercial Services – 40 years Residential – 70 years Storage and Others – 50 years
Special Requirement	:	Only 70% of the Development in terms of GFA (excluding residential portion) can be sold and the remaining portion can only be held for leasing or self-use within six years after the respective construction completion date.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. Pursuant to the following Land Grant Contracts all dated 22 February 2012, the land use rights of eleven parcels of land with a total site area of 1,475,298 sq.m. have been agreed to be granted to Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited (贛州毅德商貿物流園開發有限公司) (“Ganzhou Logistics Park”), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	2011-71-1	36201211020004K	54,819	Commercial: 40 years Residential: 70 years	29,492,622
2.	2011-71-2	36201211020005K	103,899	Commercial: 40 years Residential: 70 years	55,170,369
3.	2011-71-3	3620121102000013K	115,774	Commercial Finance: 40 years	87,177,822
4.	2011-71-4	3620121102000014K	187,388	Commercial Finance: 40 years	91,445,344
5.	2011-71-5	36201211020006K	107,162	Commercial Finance: 40 years	81,293,093
6.	2011-71-6	36201211020007K	197,571	Commercial Finance: 40 years	97,402,503
7.	2011-71-7	36201211020008K	160,717	Commercial Finance: 40 years	67,018,989
8.	2011-71-8	362012110200009K	138,375	Commercial Finance: 40 years	75,829,500
9.	2011-71-9	362012110200010K	120,719	Commercial Finance: 40 years	60,721,657
10.	2011-71-10	3620121102000011K	105,504	Other Commercial Service: 40 years Commercial Finance: 40 years Street: 50 years	40,830,048
11.	2011-71-11	3620121102000012K	183,370	Storage: 50 years	26,845,368
Total:			1,475,298	Total:	713,227,315

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the supplementary agreement to the aforesaid Land Grant Contracts dated 9 June 2013, only 70% of the Development in terms of GFA (excluding residential portion) can be sold and the remaining portion can only be held for leasing or self-use before 29 September 2023.

4. Pursuant to the following Land-use Rights Certificates dated 5 April 2012 and 5 September 2012 respectively, the land use rights of thirteen parcels of land with a total site area of 1,475,298 sq.m. have been granted to Ganzhou Logistics Park. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Gan Shi Kai Guo Yong (2012) Di No. 15	54,819	Commercial: 29 June 2052 Residential: 29 June 2082
2.	Gan Shi Kai Guo Yong (2012) Di No. 16	103,899	Commercial: 29 June 2052 Residential: 29 June 2082
3.	Gan Shi Kai Guo Yong (2012) Di No. 18	187,388	Commercial Finance: 29 June 2052
4.	Gan Shi Kai Guo Yong (2012) Di No. 19	107,162	Commercial Finance: 29 June 2052
5.	Gan Shi Kai Guo Yong (2012) Di No. 21	160,717	Commercial Finance: 29 June 2052
6.	Gan Shi Kai Guo Yong (2012) Di No. 22	138,375	Commercial Finance: 29 June 2052
7.	Gan Shi Kai Guo Yong (2012) Di No. 23	120,719	Commercial Finance: 29 June 2052
8.	Gan Shi Kai Guo Yong (2012) Di No. 24	105,504	Commercial Finance and Other Commercial Services (Community Carpark): 29 June 2052 Street (Freight Station): 29 June 2062
9.	Gan Shi Kai Guo Yong (2012) Di No. 25	183,370	Storage: 29 June 2062
10.	Gan Shi Kai Guo Yong (2012) Di No. 117	54,918	Commercial Finance: 29 June 2052
11.	Gan Shi Kai Guo Yong (2012) Di No. 118	60,856	Commercial Finance: 29 June 2052
12.	Gan Shi Kai Guo Yong (2012) Di No. 119	103,211	Commercial Finance: 29 June 2052
13.	Gan Shi Kai Guo Yong (2012) Di No. 121	94,360	Commercial Finance: 29 June 2052
Total:		1,475,298	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to eleven Construction Land Planning Permits – Di Zi Di Nos. 360701201210025-1, 360701201210025-2, 360701201210025-3, 360701201210025-4, 360701201210025-5, 360701201210025-6, 360701201210025-7, 360701201210025-8, 360701201210025-9, 360701201210025-10 and 360701201210025-11 all dated 16 March 2012, Ganzhou Logistics Park is permitted to use eleven parcels of land with a total site area of 1,475,298 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.
6. We have attributed no commercial value i.e. market value to the property, as the transferability of the property is restricted. However, for the Group's internal reference purpose, we were advised to assess and report the investment value of the property in its existing state to the Group.
7. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
- Ganzhou Logistics Park has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means in accordance with the Land Grant Contracts within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - Ganzhou Logistics Park has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Ganzhou Logistics Park has a legal and complete development right for the property;

- iv. the property is subject to various mortgages. In respect of the mortgaged portion of the property, Ganzhou Logistics Park is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - v. apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.
8. In the course of our valuation, we have assumed about RMB10,000/sq.m. for the wholesale trading market portion, about RMB13,000/sq.m. for the shopping mall portion, about RMB17,000/sq.m. for the food street portion, about RMB13,000/sq.m. for the commercial and exhibition center, about RMB7,000/sq.m. for the office portion, about RMB9,000/sq.m. for the hotel portion, about RMB5,500/sq.m. for the residential portion and about RMB4,500/sq.m. for the warehouse portion respectively of the property if completed.
9. In undertaking our valuation of the property if completed, we have identified and considered various recent sales transactions of the Development and some asking price references of some office and residential-typed developments which have similar characteristics with the property. The price of those sales transactions are about RMB9,000/sq.m. for wholesale trading market and about RMB12,000/sq.m. for shopping mall and the prices of those asking price references are about RMB6,000/sq.m. for residential-typed development and about RMB7,000/sq.m. for office-typed development respectively. The unit rates assumed by us are consistent with the aforesaid sales transactions and asking price references. Due adjustments to the unit rates of those sale transactions and asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at 31 July 2013
17.	Portion of Ningxiang Trade Center (寧鄉商貿物流中心), 328 First Ring South Road, Yutan Town, Ningxiang County, Changsha, Hunan Province, PRC	Ningxiang Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). According to the latest development proposal provided by the Group, the property will comprise a hotel development with a gross floor area of approximately 61,767 sq.m. (664,860 sq.ft.). The land use rights of the property have been granted for three concurrent terms expiring on 12 March 2050, 13 July 2050 and 23 October 2052 respectively for commercial use.	The property is vacant.	RMB116,000,000 (100% interest attributable to the Group: RMB116,000,000) (This is not a commercial value and see Note 6)

Notes:

- Pursuant to the Master Investment Agreement dated 19 May 2009 and its supplementary agreement dated 5 July 2009 entered into between the People’s Government of Ningxiang County (寧鄉縣人民政府) and Hongkong Howard Group Development Company Limited (香港豪德集團開發有限公司), the People’s Government of Ningxiang County has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hongkong Howard Group Development Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Site Area	:	Phase 1 – 500 mu Phases 2 and 3 – 1,500 mu
Gross Floor Area for Development	:	1,200,000 sq.m.
Land Use Term	:	Commercial – 40 years Ancillary Residential – 70 years
Special Requirement	:	30% of the property in terms of GFA must be retained and used for self-use or leasing purposes.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

- Pursuant to the modification letter dated 20 July 2009, Shenzhen Howard Investment Co., Ltd. (深圳市豪德投資有限公司) was assigned to be the investment subject of the Development.

3. Pursuant to the following Land Grant Contracts dated between 12 March 2010 and 25 October 2012, the land use rights of four parcels of land with a total site area of 301,386.7 sq.m. have been agreed to be granted to Ningxiang Hydoo Guangcai Trade Center Development Company Limited (寧鄉毅德光彩貿易廣場開發有限公司) ("Ningxiang Hydoo Development"), a wholly-owned subsidiary of the Company. Details of the said contracts are as follows:

No.	Land Plot	Contract No.	Site Area (sq.m.)	Usage & Term	Land Grant Fee (RMB)
1.	2010024	2010024	28,156.3	Other Commercial Service: 40 years	25,490,000
2.	2010025	2010025	105,454.1	Other Commercial Service: 40 years	95,440,000
3.	2010050	2010050	112,869.3	Other Commercial Service: 40 years	102,150,000
4.	2012135	2012135	54,907.0	Other Commercial Service: 40 years	86,800,000
Total:			301,386.7	Total:	309,880,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

4. Pursuant to the following Land-use Rights Certificates dated between 19 July 2010 and 27 December 2012, the land use rights of four parcels of land with a total site area of 301,386.5 sq.m. have been granted to Ningxiang Hydoo Development. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Ning (1) Guo Yong (2010) Di No. 190	112,869.3	Commercial: 13 July 2050
2.	Ning (1) Guo Yong (2011) Di No. 036	105,454.1	Commercial: 12 March 2050
3.	Ning (1) Guo Yong (2011) Di No. 037	28,156.3	Commercial: 12 March 2050
4.	Ning (1) Guo Yong (2011) Di No. 599	54,906.8	Commercial: 23 October 2052
Total:		301,386.5	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

5. Pursuant to the Construction Land Planning Permit – Ning Gui (Cheng Qu) Di Zi Di No. 2009038 dated 31 December 2009, Ningxiang Hydoo Development is permitted to use a parcel of land with a site area of 336,849 sq.m.

As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

6. We have attributed no commercial value i.e. market value to the property, as the transferability of the property is restricted. However, for the Group's internal reference purpose, we were advised to assess and report the investment value of the property in its existing state to the Group.
7. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- Ningxiang Hydoo Development has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - Ningxiang Hydoo Development has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Ningxiang Hydoo Development has a legal and complete development right for the property; and
 - the property is not subject to any seizure, mortgage or any kinds of limitation.
8. In the course of our valuation, we have assumed about RMB7,000/sq.m. for the hotel portion of the property if completed.
9. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some residential-typed developments which have similar characteristics with the property. The prices of those asking price references are about RMB5,000/sq.m. for residential-typed development. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP III – PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT
IN THE PRC

Sub-group III (B) – Properties which are valued on non-market value basis (Investment Value)

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at 31 July 2013										
18.	Portion of Mianyang Trade Center (綿陽商貿物流中心), 115 Yuzhong Road, Fucheng District, Mianyang, Sichuan Province, PRC	Mianyang Trade Center (the “Development”) is a trade center project to be erected on various parcels of land with a total site area of approximately 0.9 million sq.m. (9,687,600 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 106,302 sq.m. (1,144,235 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows: <table><tr><th>Use</th><th>Approximate Gross Floor Area (sq.m.)</th></tr><tr><td>Commercial Pedestrian Street</td><td>47,801</td></tr><tr><td>Wholesale Trading Markets</td><td>51,675</td></tr><tr><td>Supporting Buildings and Facilities</td><td>6,826</td></tr><tr><td>Total:</td><td>106,302</td></tr></table> The land use rights of the property have been granted for a term expiring on 21 September 2051 for market and commercial uses.	Use	Approximate Gross Floor Area (sq.m.)	Commercial Pedestrian Street	47,801	Wholesale Trading Markets	51,675	Supporting Buildings and Facilities	6,826	Total:	106,302	The property is vacant.	RMB253,000,000 (100% interest attributable to the Group: RMB253,000,000) (This is not a commercial value and see Note 6)
Use	Approximate Gross Floor Area (sq.m.)													
Commercial Pedestrian Street	47,801													
Wholesale Trading Markets	51,675													
Supporting Buildings and Facilities	6,826													
Total:	106,302													

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People's Government of Fucheng District of Mianyang (綿陽市涪城區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 1 December 2010, the People's Government of Fucheng District of Mianyang has agreed in principle to provide various parcels of land with a total site area of approximately 1,400 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phase 2 – 400 mu
Land Use Term	:	Commercial – 40 years Ancillary Facilities – 70 years
Special Requirement	:	20% of the property in terms of GFA must be retained and used for self-use or leasing purposes.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

- Pursuant to the transfer agreement dated 24 December 2010, the rights and obligations of the Development have been transferred to Mianyang West Modern Trade Center Development Company Limited (綿陽西部現代物流城開發有限公司) ("Mianyang Modern Development"), a wholly-owned subsidiary of the Company.
- Pursuant to the Land Grant Contract – Mian Shi Qu Yang 2011 No. 00076 dated 22 September 2011 and its supplementary agreement dated 15 December 2012, the land use rights of a parcel of land with a site area of 281,728.56 sq.m. have been agreed to be granted to Mianyang Modern Development for a term of 40 years for market and commercial uses at a land grant fee of RMB214,127,800.
As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contract mentioned above.
- Pursuant to the following Land-use Rights Certificates all dated 11 January 2013, the land use rights of five parcels of land with a total site area of 281,728.56 sq.m. have been granted to Mianyang Modern Development. Details of the said certificates are as follows:

No.	Certificate No.	Site Area (sq.m.)	Usage & Land Use Term Expiry Date
1.	Mian Cheng Guo Yong (2013) Di No. 01085	98,460.92	Market and Commercial: 21 September 2051
2.	Mian Cheng Guo Yong (2013) Di No. 01086	36,343.14	Market and Commercial: 21 September 2051
3.	Mian Cheng Guo Yong (2013) Di No. 01087	1,192.62	Market and Commercial: 21 September 2051
4.	Mian Cheng Guo Yong (2013) Di No. 01088	87,485.92	Market and Commercial: 21 September 2051
5.	Mian Cheng Guo Yong (2013) Di No. 01089	58,245.96	Market and Commercial: 21 September 2051
Total:		<u>281,728.56</u>	

As advised by the Group, the property comprises portion of the land parcels as stated in the Land-use Rights Certificates mentioned above.

- Pursuant to the Construction Land Planning Permit – Di Zi Di (2012) No. 030 dated 27 February 2012, Mianyang Modern Development is permitted to use a parcel of land with a site area of 329,037.1 sq.m.
As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.
- We have attributed no commercial value i.e. market value to the property, as the transferability of the property is restricted. However, for the Group's internal reference purpose, we were advised to assess and report the investment value of the property in its existing state to the Group.
- We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
 - Mianyang Modern Development has legally obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or dispose of the land use rights by other lawful means within the term of land use rights;
 - the land grant fee of the land use rights has been fully settled;
 - Mianyang Modern Development has obtained the necessary permits, approvals and certificates for the construction of the property and such permits, approvals and certificates have not been withdrawn, revised or terminated. Thus Mianyang Modern Development has a legal and complete development right for the property;
 - the property is subject to various mortgages. In respect of the mortgaged portion of the property, Mianyang Modern Development is entitled to occupy or use such portion but prior approval from the mortgagee has to be obtained before letting or re-mortgaging such portion; and
 - apart from the aforesaid mortgages, the property is not subject to any seizure, mortgage or any kinds of limitation.

8. In the course of our valuation, we have assumed about RMB6,500/sq.m. for the wholesale trading market portion and about RMB11,000/sq.m. for the commercial pedestrian street portion respectively of the property if completed.
9. In undertaking our valuation of the property if completed, we have identified and considered some asking price references of some wholesale trading markets and commercial-typed developments which have similar characteristics with the property. The prices of those asking price references are about RMB10,000 to 15,000/sq.m. for wholesale trading market and commercial-typed developments. The unit rates assumed by us are consistent with the aforesaid asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including time, location, size, quality and other relevant factors.

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
19.	Portion of Ningxiang Trade Center (寧鄉商貿物流中心), 328 First Ring South Road, Yutan Town, Ningxiang County, Changsha, Hunan Province, PRC	Ningxiang Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). The property comprises a parcel of land with a site area of approximately 1,031,953 sq.m. (11,107,942 sq.ft.).	The property is vacant.	No commercial value (refer to Note 3)

Notes:

- Pursuant to the Master Investment Agreement dated 19 May 2009 and its supplementary agreement dated 5 July 2009 entered into between the People’s Government of Ningxiang County (寧鄉縣人民政府) and Hongkong Howard Group Development Company Limited (香港豪德集團開發有限公司), the People’s Government of Ningxiang County has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hongkong Howard Group Development Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Site Area	:	Phase 1 – 500 mu Phases 2 and 3 – 1,500 mu
Gross Floor Area for Development	:	1,200,000 sq.m.
Land Use Term	:	Commercial – 40 years Ancillary Residential – 70 years
Special Requirement	:	30% of the property in terms of GFA must be retained and used for self-use or leasing purposes.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

- Pursuant to the modification letter dated 20 July 2009, Shenzhen Howard Investment Co., Ltd. (深圳市豪德投資有限公司) was assigned to be the investment subject of the Development.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB784,000,000 (100% interest attributable to the Group: RMB784,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
20.	Portion of Jining Trade Center (濟寧商貿物流中心), Taibai West Road and State Road 105, Jining, Shandong Province, PRC	Jining Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 2 million sq.m. (21,528,000 sq.ft.). The property comprises a parcel of land with a site area of approximately 1,024,147 sq.m. (11,023,918 sq.ft.).	The property is vacant.	No commercial value (refer to Note 3)

Notes:

- Pursuant to the Master Investment Agreement entered into between the People’s Government of Shizhong District of Jining (濟寧市市中區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 23 November 2009, the People’s Government of Shizhong District of Jining has agreed in principle to provide various parcels of land with a total site area of approximately 3,000 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phases 2 and 3 – 2,000 mu
Gross Floor Area for Development	:	3,000,000 sq.m.
Land Use Term	:	Commercial (Trade and Logistics) – 40 years Comprehensive and Ancillary Residential – 70 years

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement mentioned above.

- Pursuant to the transfer agreement dated 8 February 2010, the rights and obligations of the Development have been transferred to Jining Hydoo Logistics Center Development Company Limited (濟寧毅德物流城開發有限公司), a wholly-owned subsidiary of the Company.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB1,440,000,000 (100% interest attributable to the Group: RMB1,440,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
21.	Portion of Mianyang Trade Center (綿陽商貿物流中心), 115 Yuzhong Road, Fucheng District, Mianyang, Sichuan Province, PRC	Mianyang Trade Center (the “Development”) is a trade center project to be erected on various parcels of land with a total site area of approximately 0.9 million sq.m. (9,687,600 sq.ft.). The property comprises a parcel of land with a site area of approximately 651,609 sq.m. (7,013,919 sq.ft.).	The property is vacant.	No commercial value (refer to Note 3)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Fucheng District of Mianyang (綿陽市涪城區人民政府) and Hongkong Howard Group (Holdings) Company Limited (香港豪德集團(控股)有限公司) on 1 December 2010, the People’s Government of Fucheng District of Mianyang has agreed in principle to provide various parcels of land with a total site area of approximately 1,400 mu to Hongkong Howard Group (Holdings) Company Limited for the construction of logistics park. Details of the Master Investment Agreement and its supplementary agreement are as follows:

Site Area	:	Phase 1 – 1,000 mu Phase 2 – 400 mu
Land Use Term	:	Commercial – 40 years Ancillary Facilities – 70 years
Special Requirement	:	20% of the property in terms of GFA must be retained and used for self-use or leasing purposes.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

- Pursuant to the transfer agreement dated 24 December 2010, the rights and obligations of the Development have been transferred to Mianyang West Modern Trade Center Development Company Limited (綿陽西部現代物流城開發有限公司), a wholly-owned subsidiary of the Company.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB1,026,000,000 (100% interest attributable to the Group: RMB1,026,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
22.	Portion of Yulin Trade Center (玉林商貿物流中心), Qingning Road and Second Ring North Road, Yuzhou District, Yulin, Guangxi Zhuang Autonomous Region, PRC	Yulin Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.1 million sq.m. (11,840,400 sq.ft.). The property comprises a parcel of land with a site area of approximately 746,952 sq.m. (8,040,191 sq.ft.).	The property is vacant.	No commercial value (refer to Note 6)

Notes:

1. Pursuant to the Master Investment Agreement entered into between the People’s Government of Yulin (玉林市人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 November 2010, the People’s Government of Yulin has agreed in principle to provide various parcels of land with a total site area of approximately 1,800 mu to Hydoo HK for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement mentioned above.
2. Pursuant to the Supplementary Agreement to the Master Investment Agreement entered into between Yulin Business Bureau (玉林市商務局) and Hydoo HK on 15 January 2011, the total site area has been adjusted to 1,616 mu.
As advised by the Group, the property comprises portion of the land parcels as stated in the Supplementary Agreement mentioned above.
3. Pursuant to the Land Grant Contract – Yu Tu Chu (2013) No. 019 dated 21 August 2013, the land use rights of a parcel of land (Land Plot 2013012) with a site area of 85,480.74 sq.m. have been agreed to be granted to Guangxi Yulin Modern Trade Center Development Company Limited (廣西玉林現代物流城開發有限公司) (“Yulin Modern Center”), a wholly-owned subsidiary of the Company, for a term of 40 years for wholesale and retail uses at a land grant fee of RMB86,000,000.
As advised by the Group, the land parcel as stated in the Land Grant Contract mentioned above only comprises portion of the property.
4. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 450900201300041 dated 5 September 2013, Yulin Modern Center is permitted to use a parcel of land with a site area of 92,886.1 sq.m.
As advised by the Group, the land parcel as stated in the Construction Land Planning Permit mentioned above only comprises portion of the property.
5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Yulin Modern Center has obtained the land use rights of the land parcel as stipulated in Note 3 and there will be no legal impediments for Yulin Modern Center to obtain the Land-use Rights Certificate after the relevant land grant fee has been fully settled.
6. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB994,000,000 (100% interest attributable to the Group: RMB994,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
23.	Portion of Wuzhou Trade Center (梧州商貿物流中心), Shundi Avenue, Changzhou District, Wuzhou, Guangxi Zhuang Autonomous Region, PRC	Wuzhou Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). The property comprises a parcel of land with a site area of approximately 733,698 sq.m. (7,897,525 sq.ft.).	The property is vacant.	No commercial value (refer to Note 2)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Changzhou District of Wuzhou (梧州市長州區人民政府), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) and Jining Hydoo Modern Industrial Company Limited (濟寧毅德現代實業有限公司) (“Jining Modern Industrial”) in March 2012, the People’s Government of Changzhou District of Wuzhou has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hydoo HK and Jining Modern Industrial for the construction of logistics park.

As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB702,000,000 (100% interest attributable to the Group: RMB702,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
24.	Portion of Heze Trade Center (荷澤商貿物流中心), South of Xinshi Railway, West of Xian Road Branch Line and West of State Road 220, Mudan District, Heze, Shandong Province, PRC	Heze Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 8 million sq.m. (86,112,000 sq.ft.). The property comprises a parcel of land with a site area of approximately 7,607,760 sq.m. (81,889,929 sq.ft.).	The property is vacant.	No commercial value (refer to Note 2)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Mudan District of Heze (荷澤市牡丹區人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 10 July 2012, the People’s Government of Mudan District of Heze has agreed in principle to provide various parcels of land with a total site area of approximately 12,000 mu to Hydoo HK for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement and its supplementary agreement mentioned above.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB6,954,000,000 (100% interest attributable to the Group: RMB6,954,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
25.	Portion of Xingning Trade Center (興寧商貿物流中心), South to Zhanqian Avenue, North to Ning River, West to Xingnan Avenue and East to Donghuan Avenue, Xingning, Guangdong Province, PRC	Xingning Trade Center (the “Development”) is a trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). The property comprises a parcel of land with a site area of approximately 1,162,831 sq.m. (12,516,713 sq.ft.).	The property is vacant.	No commercial value (refer to Note 2)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Xingning (興寧市人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 October 2012, the People’s Government of Xingning has agreed in principle to provide various parcels of land with a total site area of approximately 2,000 mu to Hydoo HK for the construction of logistics park.
As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement and its supplementary agreement mentioned above.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB990,000,000 (80% interest attributable to the Group: RMB792,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
26.	Yantai Trade Center (煙台商貿物流中心), South of Kuiyu Road, West of Kuiyu South Road, East of Huagong Road and Gangcheng West Avenue, Zhifu District, Yantai, Shandong Province, PRC	Yantai Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 1.3 million sq.m. (13,993,200 sq.ft.). The property comprises a parcel of land with a site area of approximately 1,333,340 sq.m. (14,352,072 sq.ft.).	The property is vacant.	No commercial value (refer to Note 4)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Zhifu District of Yantai (煙台市芝罘區人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 6 February 2013, the People’s Government of Zhifu District of Yantai has agreed in principal to provide various parcels of land with a total site area of approximately 2,000 mu to Hydoo HK for the construction of logistics park.
- Pursuant to the Land Grant Contract – Yan Tai-01-2013-0268 dated 29 September 2013, the land use rights of a parcel of land (Land Plot 3706020100110742000) with a site area of 44,233 sq.m. have been agreed to be granted to Yantai Hydoo International Commercial and Trade Center Company Limited (煙台毅德國際商貿城有限公司) (“Yantai Hydoo”), a wholly-owned subsidiary of the Company, for a term of 40 years for wholesale and retail, accommodation and catering and commercial finance uses at a land grant fee of RMB132,540,000. As advised by the Group, the land parcel as stated in the Land Grant Contract mentioned above only comprises portion of the property.
- We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - Yantai Hydoo has obtained the land use rights of the land parcel as stipulated in Note 2 and there will be no legal impediments for Yantai Hydoo to obtain the Land-use Rights Certificate after the relevant land grant fee has been fully settled.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB2,376,000,000 (100% interest attributable to the Group: RMB2,376,000,000).

VALUATION CERTIFICATE

GROUP IV – PROPERTIES TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
27.	Lanzhou Trade Center (蘭州商貿物流中心), South of Liugouhe Bridge and East of Dashanding, Heping Town, Yuzhong County, Lanzhou, Gansu Province, PRC	Lanzhou Trade Center (the “Development”) is a large-scale trade center project to be erected on various parcels of land with a total site area of approximately 4 million sq.m. (43,056,000 sq.ft.). The property comprises a parcel of land with a site area of approximately 4,000,000 sq.m. (43,056,000 sq.ft.).	The property is vacant.	No commercial value (refer to Note 4)

Notes:

- Pursuant to the Master Investment Agreement and its supplementary agreement entered into between the People’s Government of Yuzhong County (榆中縣人民政府) and Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”) on 24 April 2013, the People’s Government of Yuzhong County has agreed in principal to provide various parcels of land with a total site area of approximately 6,000 mu to Hydoo HK for the construction of logistics park.
- Pursuant to the Land Grant Contract – Gan Rang A Yu [2013] No. 45 dated 30 September 2013, the land use rights of a parcel of land (Land Plot 2013-HP-33-38) with a site area of 318,379.7 sq.m. have been agreed to be granted to Lanzhou Hydoo Commercial and Trade Center Company Limited (蘭州毅德商貿城有限公司) (“Lanzhou Hydoo”), a wholly-owned subsidiary of the Company, for a term of 40 years for other commercial service use at a land grant fee of RMB94,564,800.
As advised by the Group, the land parcel as stated in the Land Grant Contract mentioned above only comprises portion of the property.
- We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - Lanzhou Hydoo has obtained the land use rights of the land parcel as stipulated in Note 2 and there will be no legal impediments for Lanzhou Hydoo to obtain the Land-use Rights Certificate after the relevant land grant fee has been fully settled.
- In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group paid all the land premium and obtained all proper Land-use Rights Certificate(s) of the property, the market value of the property as at the date of valuation was in the sum of RMB3,000,000,000 (100% interest attributable to the Group: RMB3,000,000,000).

VALUATION CERTIFICATE

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
28.	30/F, Block A, East Pacific International Center, 7888 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises an office unit on Level 30 of a high-rise commercial building completed in 2010. The floor area of the property is approximately 1,775.35 sq.m. (19,110 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Hydoo Estate (Ganzhou) Company Limited (毅德置業(贛州)有限公司) (“Hydoo Estate (Ganzhou)”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Shenzhen East Pacific Group Company Limited (深圳東海集團有限公司) (the “lessor”) for a term commencing on 10 June 2011 and expiring on 9 June 2016 at a monthly rent of approximately RMB391,465 as at the date of valuation.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. the tenancy agreement is legal, valid and binding. Hydoo Estate (Ganzhou) is entitled to use the property; and
 - ii. the tenancy agreement has been registered.

VALUATION CERTIFICATE

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
29.	Room 1001C, 10/F, Block A, East Pacific International Center, 7888 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises an office unit on Level 10 of a high-rise commercial building completed in 2010. The floor area of the property is approximately 445.72 sq.m. (4,798 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Hydoo Estate (Ganzhou) Company Limited (毅德置業(贛州)有限公司) (“Hydoo Estate (Ganzhou)”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Shenzhen East Pacific Group Company Limited (深圳東海集團有限公司) (the “lessor”) for a term commencing on 1 February 2012 and expiring on 30 November 2016 at a monthly rent of approximately RMB84,687 as at the date of valuation.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. the tenancy agreement is legal, valid and binding. Hydoo Estate (Ganzhou) is entitled to use the property; and
 - ii. the tenancy agreement has been registered.

VALUATION CERTIFICATE

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
30.	Rooms 2801 to 2812, Yaohua Chuangjian Building (耀華創建大廈), South of Shennan Avenue and West of Tairan 9th Road, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises various office units of a multi-storey office building completed in 2010. The total floor area of the property is approximately 1,182.54 sq.m. (12,729 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited (贛州毅德商貿物流園開發有限公司) (“Ganzhou Logistics Park”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Shenzhen Careland Technology Holding Company Limited (深圳市凱立德科技股份有限公司) (the “lessor”) for a term commencing on 10 April 2013 and expiring on 9 April 2015 at a monthly rent of approximately RMB185,659 as at the date of valuation.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. the tenancy agreement is legal, valid and binding. Ganzhou Logistics Park is entitled to use the property; and
 - ii. the tenancy agreement has been registered.

VALUATION CERTIFICATE

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
31.	Level 2, Mezzanine Floor and Level 3, Building Nos. 1 to 5, 10 Hongling Road, Wuzhou, Guangxi Zhuang Autonomous Region, PRC	The property comprises various office units of five multi-storey office buildings completed in 2011. The total floor area of the property is approximately 2,791.95 sq.m. (30,053 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Wuzhou Hydoo Commercial and Trade Center Development Company Limited (梧州毅德商貿物流城開發有限公司) (“Wuzhou Hydoo Development”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Wuzhou Daneng Electric Development Company Limited (梧州市達能電力開發有限公司) (the “lessor”) for a term commencing on 1 July 2013 and expiring on 30 June 2014 at a monthly rent of approximately RMB70,999 as at the date of valuation.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. the tenancy agreement is legal, valid and binding. Wuzhou Hydoo Development is entitled to use the property; and
 - ii. the tenancy agreement has been registered.

VALUATION CERTIFICATE

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
32.	An office building located at 88 Guangfu Street, Heze, Shandong Province, PRC	The property comprises an office building completed in 1990. The total floor area of the property is approximately 400.00 sq.m. (4,306 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Heze Hydoo Commercial and Trade Center Company Limited (荷澤毅德商貿物流城有限公司) (“Heze Hydoo Center”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Heze Mudan District Hongfa Trade Company Limited (荷澤市牡丹區弘法貿易有限公司) (the “lessor”) for a term commencing on 1 February 2013 and expiring on 31 January 2015 at an annual rent of approximately RMB230,000 as at the date of valuation.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. the tenancy agreement is legal, valid and binding. Heze Hydoo Center is entitled to use the property; and
 - ii. the tenancy agreement has been registered.

VALUATION CERTIFICATE

GROUP V – PROPERTIES LEASED BY THE GROUP IN THE PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
33.	Levels 1 and 2 of Shop No. 2, Building No. A5, Guomao Garden (國貿花園), Xingnan Avenue, Xingning, Guangdong Province, PRC	The property comprises various units of a multi-storey building completed in 2000. The floor area of the property is approximately 460.00 sq.m. (4,951 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Xingning Hydoo Commercial and Trade Centre Company Limited (興寧毅德商貿物流城有限公司) (“Xingning Hydoo”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Meizhou Huifengnian Culture Media Company Limited (梅州市匯豐年文化傳播有限公司) (the “lessor”) for a term commencing on 1 June 2013 and expiring on 30 May 2014 at a monthly rent of approximately RMB12,000 as at the date of valuation.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
 - i. the tenancy agreement is legal, valid and binding. Xingning Hydoo is entitled to use the property; and
 - ii. the tenancy agreement has been registered.

VALUATION CERTIFICATE

GROUP VI – PROPERTY LEASED BY THE GROUP IN HONG KONG

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at 31 July 2013
34.	Unit 802, Tower 2, Lippo Centre, 89 Queensway, Hong Kong	Lippo Centre is a Grade A office development comprising two high-rise office towers over a multi-storey commercial podium. Tower Two is a 36-storey office building completed in 1987. The property comprises an office unit on Level 8 of Tower 2 with a gross floor area of approximately 185.9 sq.m. (2,001 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

- The property is rented by Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司) (“Hydoo HK”), a wholly-owned subsidiary of the Company, under a tenancy agreement from Sharp Good Investment Limited (卓正投資有限公司) (the “lessor”) for a term commencing on 1 August 2013 and expiring on 31 July 2015 at a monthly rent of HK\$85,000 exclusive of government rent, rates, management fee and air-conditioning charge.
- The property lies within an area zoned “Commercial” under Central District Outline Zoning Plan.

SUMMARY OF THE CONSTITUTION OF THE COMPANY**1 Memorandum Of Association**

The Memorandum of Association was conditionally adopted on September 27, 2013 and states, inter alia, that the liability of members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix VI in the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection.”

2 Articles Of Association

The Articles of Association were conditionally adopted on September 27, 2013 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of common shares. The capital of the Company at the effective date of the Articles of Association is HK\$80,000,000 divided into 8,000,000,000 ordinary shares of par value HK\$0.01 each.

2.2 Directors***(a) Power to allot and issue Shares***

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such time and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment 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 first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such 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).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall

be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) 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 any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit;
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or

any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or any of his associates 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.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

The rights of the Directors to exercise these powers may only be varied by a special resolution.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 *Alteration of Capital*

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such

fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, 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.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 *Voting rights*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member of the Company is, under the Listing Rules, required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be counted in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee) which he represents as that recognised clearing house (or its nominee) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization.

2.8 Annual general meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorize) shall elapse between the date of one annual general meeting of the Company and that of the next.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date at which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 clear days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by notice of not less than 21 clear days and any other extraordinary general meeting shall be called by not less than 14 clear days. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) 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 95 per cent. in nominal value of the 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:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;

- (f) 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 20 per cent. (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

2.11 Transfer of Shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, 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 of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favor of the Company; and
- (f) a fee of such maximum as the Stock Exchange may from time to time 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.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the instrument of transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own Shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase, unless the directors resolve prior to the repurchase that upon the repurchase the shares shall be held in the name of the Company as treasury shares.

2.13 Power of any subsidiary of the Company to own Shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distributions

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall 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 of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such checks for dividend entitlements or

dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. 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.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing, or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on Shares and forfeiture of Shares

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15 per cent. per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15 per cent. per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

2.18 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, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney 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.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in sub-paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company 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 of the Company 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. And if in a winding up 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 amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may,

for such purpose, set such value as he deems fair upon any 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 of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (i) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange 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 for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 October 2010 under the Companies Law. As such, its 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 size of its authorized share capital.

3 Share capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

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 premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia 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 a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (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) in 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;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any 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 of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by

its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors 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 member of the company holding 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company 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 to act 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.

4 Dividends and distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, 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 3 above for further details).

5 Shareholders' suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class 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 where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, 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.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and auditing requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) 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.

9 Register of members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of books and records

Members of a 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 of association.

11 Special resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary owning shares in parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by either (a) a special resolution of each constituent company or (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75 per cent. in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court of the Cayman Islands is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

16 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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company is placed in liquidation either by an order of the court or by a special resolution (or, in certain circumstances, an ordinary resolution) of its members. A liquidator is appointed whose duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 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.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company may apply for an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concession Law (1999 Revision).

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 that are applicable to any payments made to or by the Company.

20 Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing 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 section headed "Documents Delivered to the Registrar of Companies and 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/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on October 19, 2010. Our registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our Company is registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance and our principal place of business in Hong Kong is at Unit 802, Tower 2, Lippo Centre, 89 Queensway, Hong Kong. Mr. Wong Choihing, and Ms. Mok, Mun Lan Linda, have been appointed as our Authorized Representatives for the purposes of Part XI of the Companies Ordinance for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands and the Company's constitution which comprises the Memorandum of Association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in the section headed "Appendix IV – Summary of the Constitution of our Company and Cayman Companies Law" in this prospectus.

2. Subsidiaries

Details about our subsidiaries are set out in the table under Paragraph A of the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

3. Changes in our share capital

On the date of our incorporation, the authorized share capital of our Company is US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation:

- (a) On October 19, 2010, one ordinary share of US\$1.00 credited as fully paid was allotted and issued to Company Secretaries Ltd. as the initial subscriber, which was transferred to Most Trend on the same day. On the same day, 9 ordinary shares of US\$1.00 each were allotted and issued to Most Trend, credited as fully paid;
- (b) On May 6, 2011, 49,990 ordinary shares of US\$1.00 each were allotted and issued to Most Trend, credited as fully paid;
- (c) On July 5, 2011, pursuant to the resolutions in writing of the Shareholders of our Company dated July 5, 2011, the authorized share capital of our Company was increased from US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each to US\$62,500 divided into 50,000 shares and 12,500 preferred shares by the creation of 12,500 preferred shares of US\$1.00 each. 50,000 ordinary shares of US\$1.00 each were redesignated and reclassified into 50,000 shares of US\$1.00 each;

- (d) On July 5, 2011, pursuant to the Hony Share Purchase Agreement dated June 18, 2011 by and among our Company, Most Trend, our Ultimate Controlling Shareholders and Top Amuse, 12,500 preferred shares of US\$1.00 each of our Company were allotted and issued to Top Amuse for a consideration of US\$80 million, credited as fully paid;
- (e) On June 28, 2012, pursuant to the resolutions in writing of the Directors of our Company dated June 25, 2012, 6,250 shares and 625 shares of US\$1.00 each of our Company were transferred to Eminent Ascend and Perfect Partner from Most Trend, respectively, credited as fully paid;
- (f) On November 22, 2012 and December 21, 2012, pursuant to the resolutions in writing of the Shareholders of our Company, the authorized share capital of our Company was increased from US\$62,500 divided into 50,000 shares of US\$1.00 each and 12,500 preferred shares of US\$1.00 each to US\$67,703 divided into 55,203 shares of US\$1.00 each and 12,500 preferred shares of US\$1.00 each, by the creation of an aggregate of 5,203 shares of US\$1.00 each;
- (g) On November 22, 2012 and December 21, 2012, pursuant to an investment agreement dated November 8, 2012 and a supplemental investment agreement dated December 5, 2012 between our Company, Most Trend, our Ultimate Controlling Shareholders, Eminent Ascend, and Ping An Hawking Fund, an aggregate of 2,031 shares of US\$1.00 each were allotted and issued to Ping An Hawking Fund for a total consideration of HK\$178,000,000, credited as fully paid;
- (h) On December 21, 2012, pursuant to an investment agreement dated December 10, 2012 between our Company, Most Trend, our Ultimate Controlling Shareholders, and Creat, 2,156 shares of US\$1.00 each were allotted and issued to Creat for a consideration of HK\$188,976,000, credited as fully paid;
- (i) On December 21, 2012, pursuant to an investment agreement dated December 10, 2012 between our Company, Most Trend, our Ultimate Controlling Shareholders, and Zhenshuo, 1,016 shares of US\$1.00 each were allotted and issued to Zhenshuo for a consideration HK\$89,000,000, credited as fully paid; and
- (j) Pursuant to the resolutions of our Company's shareholders on April 29, 2013, our shareholders approved (i) the increase in the authorized share capital of our Company to an aggregate of US\$67,703 divided into 55,203 existing shares with a par value of US\$1.00 each and 12,500 existing preferred shares with a par value of US\$1.00 each and HK\$80,000,000 divided into 6,522,960,000 Shares and 1,477,040,000 Preferred Shares, by the creation of an additional 6,522,960,000 Shares and 1,477,040,000 Preferred Shares; (ii) the issue of 775 Shares to the holders of then existing shares with a par value of US\$1.00 each for every then existing share with a par value of US\$1.00 each held; (iii) the issue of 775 Preferred Shares to the holder of then existing preferred shares with a par value of US\$1.00

each for every then existing preferred share with a par value of US\$1.00 each held; (iv) the repurchase of all the then issued existing shares with a par value of US\$1.00 each and existing preferred shares with a par value of US\$1.00 each in exchange for the issue of Shares and Preferred Shares; and (v) the cancellation of the then authorized but unissued existing shares with a par value of US\$1.00 each and then authorized but unissued preferred shares with a par value of US\$1.00 each immediately after the repurchase.

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), the authorized share capital of our Company will be HK\$80,000,000 divided into 8,000,000,000 Shares, of which 4,018,000,000 Shares will be issued fully paid or credited as fully paid, and 3,982,000,000 Shares will remain unissued. Other than the Global Offering, the Capitalization Issue, the Over-allotment Option or the Pre-IPO Share Option Scheme, our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as disclosed in the paragraph headed “5 – Written Resolutions passed by our Shareholders” below in this Appendix, there has been no alteration in the share capital of our Company since the date of its incorporation.

4. Changes in share capital of our subsidiaries

In addition to those disclosed in the sub-paragraph headed “3 – Changes in our share capital” in this Appendix, the following alterations in the share or registered capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

(a) *Hydoo Estate (Ganzhou)*

On September 20, 2012, the registered share capital of Hydoo Estate (Ganzhou) was increased from US\$7,050,000 to US\$22,050,000.

(b) *Jining Hydoo Logistics Center Development Company Limited*

On October 26, 2011, the registered share capital of Jining Hydoo Logistics Center Development Company Limited was increased from RMB100,000,000 to RMB200,000,000.

(c) *Mianyang West Modern Trade Center Development Company Limited*

On October 10, 2011, the registered share capital of Mianyang West Modern Trade Center Development Company Limited was increased from RMB100,000,000 to RMB200,000,000.

(d) Guangxi Yulin Modern Trade Center Development Company Limited

On September 26, 2011, the registered share capital of Guangxi Yulin Modern Trade Center Development Company Limited was increased from RMB30,000,000 to RMB110,000,000.

On October 14, 2011, the registered share capital of Guangxi Yulin Modern Trade Center Development Company Limited was increased from RMB110,000,000 to RMB184,000,000.

On November 1, 2011, the registered share capital of Guangxi Yulin Modern Trade Center Development Company Limited was increased from RMB184,000,000 to RMB220,000,000.

(e) Jining Hydoo Modern Logistics

On November 2, 2011, the registered share capital of Jining Hydoo Modern Logistics was increased from US\$30,000,000 to US\$80,000,000.

On March 15, 2013, the registered share capital of Jining Hydoo Modern Logistics was increased from US\$80,000,000 to US\$99,000,000.

(f) Wuzhou Hydoo Commercial and Trade Center Development Company Limited

On August 29, 2012, the registered share capital of Wuzhou Hydoo Commercial and Trade Center Development Company Limited was increased from RMB100,000,000 to RMB200,000,000.

(g) Heze Hydoo Commercial and Trade Center Company Limited

On December 12, 2012, the registered share capital of Heze Hydoo Commercial and Trade Center Company Limited was increased from RMB20,000,000 to RMB40,000,000.

On March 19, 2013, the registered share capital of Heze Hydoo Commercial and Trade Center Company Limited was increased from RMB40,000,000 to RMB200,000,000.

Save as disclosed in this prospectus, there has been no other alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Written resolutions signed by all Shareholders of our Company

Written resolutions were passed by our Shareholders on September 27, 2013, pursuant to which, among other matters:

- (1) that conditional upon all the conditions set out in the section headed “Structure of the Global Offering – Conditions of the Global Offering” in this prospectus being fulfilled:
 - (a) the Listing, the Global Offering and the Over-allotment Option were approved and our Directors were authorized and directed to do all such things as they consider necessary in relation thereto, including to allot and issue, and to approve the transfer of, such number of Shares pursuant to the Global Offering on and subject to the terms and conditions stated in this prospectus and to such modifications, amendments, variations or otherwise as may be made by the Board (or any committee thereof established by the Board) in its absolute discretion, and the Board or any such committee of the Board or any Director were authorized and directed to effect such modifications, amendments, variations or otherwise as appropriate;
 - (b) a general mandate was generally and unconditionally granted to our Directors during the relevant period as set out in paragraph (f) below, to exercise all powers of the Company to allot, issue and deal with any Shares or securities convertible into Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such power;
 - (c) the approval in paragraph (b) above authorized our Directors during the relevant period to make or grant offers, agreements and options (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or may require the Shares to be allotted and issued during or after the end of the relevant period as set out in paragraph (f) below;
 - (d) the aggregate nominal value of the Shares allotted or issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by our Directors pursuant to the approval in paragraph (b) above, otherwise than pursuant to:
 - (i) a rights issue;
 - (ii) the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time;
 - (iii) the exercise of any options which have been granted under the Pre-IPO Share Option Scheme;

- (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend or Shares in accordance with the Articles of Association; or

- (v) any specific authority granted by the Shareholders in general meetings,

shall not exceed 20% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), and conditional on the ordinary resolutions in paragraphs (e) and (i) below being passed, the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the authorization granted to our Directors under the ordinary resolution in paragraph (e) below, and the approval granted pursuant to paragraphs (b) and (c) above shall be limited accordingly.

- (e) a general mandate be and is hereby generally and unconditionally granted to our Directors during the relevant period as set out in paragraph (f) below, to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, subject to all applicable laws and the requirements under the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time, with an aggregate nominal value of the Shares repurchased by our Company not exceeding 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), provided that immediately following any such repurchase, our Company shall be able to pay its debts as they fall due in the ordinary course of business, and the authority granted shall be limited accordingly;
- (f) the general mandates as mentioned in paragraphs (b) to (e) above will remain in effect until whichever is the earliest of (i) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either conditionally or subject to condition; (ii) the expiration of the period within which our next annual general meeting is required to be held by any applicable law of Cayman Islands or the Articles of Association; or (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting;
- (g) the Memorandum of Association and Articles of Association were adopted, the terms of which are summarized in the section headed "Appendix IV – Summary of the Constitution of our Company and Cayman Companies Law" in this prospectus;

- (h) all the issued and unissued Preferred Shares be redesignated and reclassified as Shares each having the rights and restrictions as set out in the Memorandum and Articles of Association; and
 - (i) conditional on the ordinary resolutions from paragraphs (b) to (e) above being passed, the general mandate granted to our Directors in paragraphs (b) to (d) above was extended by the addition to the aggregate nominal amount of 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 under the authority granted pursuant to such general mandate, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the shares in issue immediately following completion of the Global Offering (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option or pursuant to any options which have been granted under the Pre-IPO Share Option Scheme);
- (2) our Directors were authorized to allot and issue, immediately prior to the Listing, a total of 3,197,274,175 Shares credited as fully paid at par value to the Shareholders of our Company whose names appear on the register of members of our Company at the close of business on the business day preceding the Listing Date, in proportion to their then existing respective shareholdings by way of capitalization of the sum of approximately HK\$32.0 million standing to the credit of the share premium account of our Company, and the Shares allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares; and
- (3) noted the adoption of the Pre-IPO Share Option Scheme and all grants of share options pursuant to the Pre-IPO Share Option Scheme were ratified and approved by the Board on March 20, 2013; and authorized our Directors to allot, issue and deal with Shares pursuant to the exercise of any options which have been granted under the Pre-IPO Share Option Scheme, and to take all such action as they may consider necessary or expedient to implement the Pre-IPO Share Option Scheme or the transactions contemplated therein.

6. Repurchase by our Company of our own securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

On September 27, 2013, our Directors were granted a general mandate to repurchase Shares on the Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose with a total nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised). This mandate will expire at the earliest of (i) the conclusion of our next annual Shareholders' general meeting, (ii) the expiration of the period within which our next Shareholders' general meeting is required by any applicable laws or the Articles to be held, or (iii) such mandate being revoked or varied by an ordinary resolution of our Shareholders in a general meeting (the "**Relevant Period**").

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under the Cayman Companies Law, any repurchases by our Company may be made out of our Company's funds which would otherwise be available for dividend or distribution, out of our Company's share premium account, out of the proceeds of a new issue of Shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital. Any amount of premium payable on the purchase

over the par value of the Shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account or, if authorized by the Articles, and subject to the Cayman Companies Law, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of our subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could 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 repurchase mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 4,018,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), could accordingly result in up to approximately 401,800,000 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting unless renewed by an ordinary resolution of the Shareholders in a general meeting; or
- (ii) the expiration of the period within which we are required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting;

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting-in-concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

7. Reorganization

For details of the Reorganization which was effected in preparation for the Listing, please refer to the section headed "History and Corporate Structure – Reorganization" in this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of our material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus which are or may be material:

- (a) A share purchase agreement dated June 18, 2011 entered into among our Company, Most Trend, our Ultimate Controlling Shareholders and Top Amuse, pursuant to which our Company issued 12,500 preferred shares of US\$1.00 each to Top Amuse for a consideration of US\$80 million;
- (b) A shareholders agreement dated June 18, 2011 entered into among our Company, Most Trend, our Ultimate Controlling Shareholders and Top Amuse and an amended and restated shareholders agreement dated April 29, 2013 entered into among our Company, Most Trend, Eminent Ascend, Perfect Partner, our Ultimate Controlling Shareholders and the Pre-IPO Investors;
- (c) An equity transfer agreement dated September 30, 2011 entered into between Hydoo HK and Ever Tech regarding the transfer of 60% equity interest in Ganxian Howard Highway Construction to Ever Tech for a consideration of US\$4.65 million;
- (d) An equity transfer agreement dated March 14, 2012 entered into between Hydoo Estate (Ganzhou) and Shenzhen Northeast regarding the transfer of 79% equity interest in Ganzhou Logistics Park from Shenzhen Northeast to Hydoo Estate (Ganzhou) for a consideration of RMB632,000,000;
- (e) An investment agreement dated November 8, 2012 and a supplemental investment agreement dated December 5, 2012 entered into among our Company, Most Trend, our Ultimate Controlling Shareholders, Eminent Ascend, and Ping An Hawking Fund, pursuant to which Ping An Hawking Fund subscribed for an aggregate of 2,031 shares of US\$1.00 each for a consideration of HK\$178,000,000;
- (f) An equity transfer agreement dated November 30, 2012 entered into between Jining Modern Industrial and Harbin CSC regarding the transfer of 100% equity interest in Harbin Trade Center Company from Jining Modern Industrial to Harbin CSC for a consideration of RMB500,000,000;
- (g) An investment agreement dated December 10, 2012 entered into among our Company, Most Trend, our Ultimate Controlling Shareholders and Creat, pursuant to which Creat subscribed for 2,156 shares of US\$1.00 each for a consideration of HK\$188,976,000;
- (h) An investment agreement dated December 10, 2012 entered into among our Company, Most Trend, our Ultimate Controlling Shareholders and Zhenshuo, pursuant to which Zhenshuo subscribed for 1,016 shares of US\$1.00 each for a consideration of HK\$89,000,000;
- (i) An equity transfer agreement dated December 25, 2012 entered into between Hydoo Estate (Ganzhou) and Shenzhen Northeast regarding the transfer of 20% equity interest in Ganzhou Logistics Park from Shenzhen Northeast to Hydoo Estate (Ganzhou) for a consideration of RMB150,000,000;

- (j) An equity transfer agreement dated March 1, 2013 entered into between Hydoo Estate (Ganzhou) and Hydoo HK regarding the transfer of 1% equity interest in Ganzhou Logistics Park from Hydoo HK to Hydoo Estate (Ganzhou) at nil consideration;
- (k) An equity transfer agreement dated June 10, 2013 entered into between Hydoo Estate (Ganzhou) and Ms. Fang Li regarding the transfer of 51% equity interest in Ganzhou Jiuzhi from Ms. Fang Li to Hydoo Estate (Ganzhou) for a consideration of RMB2,652,000;
- (l) the deed of tax indemnity dated September 27, 2013 entered into by our Controlling Shareholders in favor of our Company containing the indemnities as referred to in the paragraph headed “E. Other Information – 1. Tax and other indemnities” in this Appendix;
- (m) the deed of non-competition dated September 27, 2013 entered into by our Controlling Shareholders in favor of our Company as detailed in the section headed “Relationship with our Controlling Shareholders – Deed of Non-Competition” in this prospectus;
- (n) the waiver letter dated October 8, 2013 signed by Top Amuse;
- (o) the waiver letter dated October 8, 2013 signed by Ping An Hawking Fund;
- (p) the waiver letter dated October 8, 2013 signed by Creat;
- (q) the waiver letter dated October 8, 2013 signed by Zhenshuo;
- (r) the deed of lock-up dated October 8, 2013 entered into by our Company, Top Amuse and the Joint Global Coordinators;
- (s) the deed of lock-up dated October 8, 2013 entered into by our Company, Ping An Hawking Fund and the Joint Global Coordinators;
- (t) the deed of lock-up dated October 8, 2013 entered into by our Company, Creat and the Joint Global Coordinators;
- (u) the deed of lock-up dated October 8, 2013 entered into by our Company, Zhenshuo and the Joint Global Coordinators;
- (v) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Driven Innovation Limited, pursuant to which Driven Innovation Limited has agreed to purchase Offer Shares in amount of RMB198 million;
- (w) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and CIG Trustees Limited, pursuant to which CIG Trustees Limited has agreed to purchase Offer Shares in amount of HK\$150 million;
- (x) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and China Oceanwide International Investment Company Limited, pursuant to which China Oceanwide International Investment Company Limited has agreed to purchase Offer Shares in amount of HK\$100 million;

- (y) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Suning International Limited, pursuant to which Suning International Limited has agreed to purchase Offer Shares in amount of HK\$100 million;
- (z) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and MACRO-LINK International Investment Co., Ltd., pursuant to which MACRO-LINK International Investment Co., Ltd. has agreed to purchase Offer Shares in amount of HK\$100 million;
- (aa) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Elion (Hong Kong) Trading Company Limited, pursuant to which Elion (Hong Kong) Trading Company Limited has agreed to purchase Offer Shares in amount of HK\$100 million;
- (bb) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Mr. Chen Hua, pursuant to which Mr. Chen Hua has agreed to purchase Offer Shares in amount of HK\$50 million;
- (cc) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Ms. Chan See Ting, pursuant to which Ms. Chan See Ting has agreed to purchase Offer Shares in amount of HK\$50 million;
- (dd) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Mr. Lee Yin Yee, pursuant to which Mr. Lee Yin Yee has agreed to purchase Offer Shares in amount of HK\$50 million;
- (ee) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and King Goal Holdings Limited, pursuant to which King Goal Holdings Limited has agreed to purchase Offer Shares in amount of HK\$50 million;
- (ff) the cornerstone investment agreement dated October 7, 2013, entered into among our Company, the Joint Global Coordinators and Malina Wong (Worldwide) Organization Ltd., pursuant to which Malina Wong (Worldwide) Organization Ltd. has agreed to purchase Offer Shares in amount of HK\$10 million; and
- (gg) the Hong Kong Underwriting Agreement.

2. Our intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which are material to our business:

Trademark	Registered owner	Place of registration	Class	Registration Number	Expiry Date
毅德	Hydoo Estate (Ganzhou)	PRC	36	9549822	27/6/2022

Trademark	Registered owner	Place of registration	Class	Registration Number	Expiry Date
	Hydoo Estate (Ganzhou)	PRC	37	9634496	20/7/2022
	Hydoo Estate (Ganzhou)	PRC	42	9634557	20/7/2022

As at the Latest Practicable Date, we are in the process of applying for the registration of the following trademarks which are material to our business:

Trademark	Applicant	Place of registration	Class	Application Number	Application Date
	Shenzhen Hydoo Investment Management Company Limited	PRC	36	12026873	10/1/2013
	Shenzhen Hydoo Investment Management Company Limited	PRC	36	12026858	10/1/2013
	Shenzhen Hydoo Investment Management Company Limited	PRC	37	12027375	10/1/2013
	Shenzhen Hydoo Investment Management Company Limited	PRC	37	12026972	10/1/2013
	Shenzhen Hydoo Investment Management Company Limited	PRC	42	12041553	14/1/2013

Trademark	Applicant	Place of registration	Class	Application Number	Application Date
毅德控股	Shenzhen Hydoo Investment Management Company Limited	PRC	42	12041527	14/1/2013
Hydoo 毅德控股	The Company	Hong Kong	35, 36, 37, 39, 42	302745450	24/9/2013
Hydoo 毅德控股	The Company	Hong Kong	35, 36, 37, 39, 42	302745450	24/9/2013

(b) Domain names

As at the Latest Practicable Date, our Group had registered the following domain name which is material to our business:

Domain Name	Registrant	Registration date	Expiration date
hydoo.com.cn	Shenzhen Hydoo Investment Management Company Limited	28/9/2011	28/9/2018

(c) Patents

As at the Latest Practicable Date, our Group had not filed any patent applications.

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Disclosure of interests

(a) *Interests and/or short positions of the Directors and chief executives in the share capital of our Company and its associated corporations following the Global Offering*

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), the interests or short positions of our Directors and our chief executives in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Name of Director	Name of corporation	Capacity/Nature of interest ⁽¹⁾	Total number of Shares/underlying Shares	Approximate percentage of interest in the Company immediately following the completion of the Capitalization Issue and the Global Offering ⁽²⁾
Wong Choihing ⁽³⁾	Most Trend	Interest in controlled corporation	2,070,000,000	51.5%
Huang Dehong ⁽³⁾	Most Trend	Interest in controlled corporation	2,070,000,000	51.5%

Notes:

- (1) All interests stated are long positions.
- (2) The approximate percentage of shareholding in the Shares in issue are calculated on the assumption that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised.
- (3) On March 22, 2013, our Ultimate Controlling Shareholders executed an acting-in-concert declaration whereby, among other things, they confirmed that since January 1, 2010, they have been operating our Group collectively and would through discussions reach consensus among themselves before reaching any commercial decisions on an unanimous basis. Please refer to the section headed "Relationship with our Controlling Shareholders – Our Controlling Shareholders" for further details. As such, our Ultimate Controlling Shareholders together control 51.5% interest in the share capital of our Company through Most Trend.

(b) Interests and/or short positions of the substantial Shareholders in the Shares which are disclosable under Divisions 2 and 3 of Part XV of the SFO

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), the following persons are expected to have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Substantial Shareholder	Capacity/Nature of Interest ⁽¹⁾	Aggregate Number of Shares or underlying shares	Approximate percentage of interest in our Company immediately following the completion of the Capitalization Issue and the Global Offering ⁽²⁾
Most Trend	Beneficial owner	2,070,000,000	51.5%
Mr. Wong Choihing	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Jianli	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Quanguang	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Dewen	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Desheng	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wang Dekai	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Huang Dehong	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Mr. Wong Sheungtak	Interest in controlled corporation ⁽³⁾	2,070,000,000	51.5%
Top Amuse	Beneficial owner ⁽⁴⁾	600,000,000	14.9%

Name of Substantial Shareholder	Capacity/Nature of Interest ⁽¹⁾	Aggregate Number of Shares or underlying shares	Approximate percentage of interest in our Company immediately following the completion of the Capitalization Issue and the Global Offering ⁽²⁾
Hony Capital	Interest in controlled corporation ⁽⁴⁾	600,000,000	14.9%
Eminent Ascend	Beneficial owner ⁽⁵⁾	300,000,000	7.5%
Mr. Wong Kim	Interest in controlled corporation ⁽⁵⁾	300,000,000	7.5%

Notes:

- (1) All interests stated are long positions.
- (2) The approximate percentage of shareholding in the Shares in issue are calculated on the assumption that the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised.
- (3) On March 22, 2013, our Ultimate Controlling Shareholders executed an acting-in-concert declaration whereby, among other things, they confirmed that since January 1, 2010, they have been operating our Group collectively and would through discussions reach consensus among themselves before reaching any commercial decisions on an unanimous basis. Please refer to the section headed “Relationship with our Controlling Shareholders – Our Controlling Shareholders” for further details. As such, our Ultimate Controlling Shareholders together control 51.5% interest in the share capital of our Company through Most Trend.
- (4) Top Amuse is wholly-owned by Honi Capital, hence Honi Capital is deemed to be interested in 600,000,000 Shares held by Top Amuse.
- (5) Eminent Ascend is wholly-owned by Mr. Wong Kim, hence Mr. Wong Kim is deemed to be interested in 300,000,000 Shares held by Eminent Ascend.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised), have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our 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 Directors' service contracts and letter of appointment

Each of the executive Directors has entered into a service agreement with our Company for an initial term of three years, commencing from September 27, 2013 to September 26, 2016 (subject to termination in certain circumstances as stipulated in the relevant service agreement).

Pursuant to the service agreements, the director's fees of our executive Directors are as follows:

Director	Remuneration (per annum)
	RMB'000
Wong Choihing	5,000
Huang Dehong	1,500

In addition, each of our executive Directors is fully reimbursed for all reasonable out-of-pocket expenses reasonably incurred in the course of his employment under the relevant service agreements.

Our non-executive Director has signed a letter of appointment with our Company for an initial term of three years, commencing from September 27, 2013 to September 26, 2016 (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). The annual remuneration payable to our non-executive Director under the relevant letters of appointment is as follows:

Director	Remuneration (per annum)
	RMB'000
Yuan Bing	0

In addition, our non-executive Director is fully reimbursed for all reasonable out-of-pocket expenses incurred in discharging his duties on production of appropriate proofs of payment.

Each of the independent non-executive Directors has signed a letter of appointment with our Company for an initial term of three years commencing from March 20, 2013 to March 19, 2016 (subject to termination in certain circumstances as stipulated in the relevant letters of appointment).

The annual remuneration payable to each of our independent non-executive Directors under the relevant letters of appointment is as follows:

Director	Remuneration (per annum)
	HK\$'000
Yang Xianzu	300
Wang Lianzhou	300
Lam, Chi Yuen Nelson	300

In addition, each of the independent non-executive Directors is fully reimbursed for all reasonable out-of-pocket expenses incurred in discharging his duties on production of appropriate proofs of payment.

Save as disclosed in this prospectus, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Directors' remuneration

Save as disclosed in this prospectus, none of our Directors received any directors' fees, salaries, allowances, benefits in kind (including our contribution to the pension scheme on behalf of our Directors) or any bonuses from us during each of the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB7.4 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ended December 31, 2013 under arrangements in force at the date of this prospectus.

4. Fees or commissions received

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

5. Related party transactions

During the two years preceding the date of this prospectus, we were engaged in related party transactions as described in note 32 of the section headed "Appendix I – Accountants' Report – 32 Material Related Party Transactions" in this prospectus.

6. Disclaimers

Save as disclosed in this prospectus, as at the Latest Practicable Date:

- (a) our Directors were not aware of any person (not being a Director or chief executive of our Company) who would, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who would, directly or indirectly, be interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company;
- (b) none of our Directors had any interest or short position in any of the Shares, underlying shares or debentures or any Shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “Consents” of this Appendix was interested in the promotion of, or in any assets which had been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or were proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of our Directors nor any of the parties listed in the paragraph headed “E. Other Information – 11. Consents” in this Appendix was materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant in relation to our Group’s business;
- (e) none of the parties listed in the paragraph headed “E. Other Information – 11. Consents” in this Appendix:
 - (i) were interested legally or beneficially in any securities of any member of our Group; or
 - (ii) had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

- (f) save as to Mr. Wong Kim, a Shareholder beneficially holding approximately 9.2% of our shares with a par value of US\$1.00 each immediately after the Reorganization, who purchased several properties at Shui'an Xintian for a total amount of RMB5.5 million in 2010, none of our Directors or their associates nor, to the knowledge of the Directors, any Shareholder who held more than 5% of the total issued shares as at the Latest Practicable Date had any interest in any of the five largest customers or the five largest suppliers of our Group;
- (g) none of our Directors had entered into or was proposing to enter into a service agreement with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

D. PRE-IPO SHARE OPTION SCHEME

Pursuant to the Board resolution dated March 20, 2013, a share option scheme was ratified and approved by the Company (the “**Pre-IPO Share Option Scheme**”). A set of the scheme rules was also approved on the same date for the purpose of providing more comprehensive and detailed rules governing the Pre-IPO Share Option Scheme (the “**Pre-IPO Share Option Scheme Rules**”). The Company granted share options (“**Option or Options**”) to the persons listed out under the paragraph headed “D. Pre-IPO Share Option Scheme – 2. Outstanding Options Granted under the Pre-IPO Share Option Scheme” in this Appendix below pursuant to the Pre-IPO Share Option Scheme on November 30, 2011, October 16, 2012 and March 20, 2013, respectively.

1. Summary of Terms

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme.

(a) Purpose of the scheme

The purpose of the Pre-IPO Share Option Scheme is to recognize the contributions of the Qualified Participant (as defined below) to the business development of our Group by granting Options to them as incentive and/or reward.

(b) Who may join

Our Board may, at their absolute discretion, determine any employees of the members of our Group and any persons who have contributed to our Group at the time of granting Options (the “**Qualified Participant**”) to whom Options may be granted under the Pre-IPO Share Option Scheme.

(c) Maximum number of Shares

- (i) The maximum number of Shares subject to the Options (including Options exercised, if any, and Options granted) pursuant to the Pre-IPO Share Option Scheme shall be 1,715 shares with a par value of US\$1.00 each (prior to the automatic adjustment to be made on the Listing Date pursuant to the Pre-IPO Share Option Scheme).

- (ii) If any Shares subject to issuance by exercising Options under the Pre-IPO Share Option Scheme are not issued or are re-acquired by our Company for any reasons including, but not limited to, termination, lapse or cancellation (with the consent of the grantee) of an Option, such Shares shall become available for new grant under the Pre-IPO Share Option Scheme.

(d) Grant of Options

Our Board shall be entitled at any time during the life of the Pre-IPO Share Option Scheme subject to the Pre-IPO Share Option Scheme Rules and such other terms and conditions as our Board may prescribe, to grant Options to any Qualified Participant.

(e) Term of Options

The grantees are entitled to exercise in full or in part any vested Options from six months after the Listing Date to December 31, 2018 (“**Exercise Period**”). Our Board may, at their absolute discretion, determine and notify the Qualified Participant the term of the Options, provided that the term of the Option shall commence after the date of grant and end on or before December 31, 2018.

(f) Vesting and exercise

- (i) Options granted to Qualified Participants pursuant to the Pre-IPO Share Option Scheme shall vest at the rate of one fourth (1/4) of each such grant for each calendar year as set out in the vesting schedule below.
- (ii) The grantees agree and confirm that they would not exercise the Options that have been granted if, as a result of such exercise, our Company would not be able to comply with the minimum public float requirement of the Listing Rules.

(g) Exercise events

The occurrence of any of the following events will result in the acceleration of the right and obligation to exercise Options:

- (i) if a grantee dies or becomes disabled (“**Exercise Event**”), the executor or administrator of the grantee’s estate or the grantee, as the case may be, shall have the right for a period of 12 months from the date of the Exercise Event, to exercise any Options of the grantee that are vested but not exercised at the date of such Exercise Event, otherwise such Options will cease to be effective and will terminate after the end of such period, unless the Board determines otherwise;
- (ii) if, for any reasons, a grantee is no longer an employee of our Group, the Options not exercised (no matter whether it has been vested or not) will cease to be effective and will become unexercisable from the effective date of termination of the employment, unless the Board determines otherwise.

(h) Rights on takeover, scheme of arrangement or voluntary winding up

- (i) If a change of control of our Company is triggered by a general offer made to all the holders of Shares or otherwise and such offer becomes or is declared unconditional (by way of takeover) or has been approved by the requisite majority of Shareholders at the relevant meeting (by way of scheme of arrangement), the grantee shall be entitled to exercise the Options which is vested but not exercised within one month after the general offer becomes or is declared unconditional (by way of takeover or by way of scheme of arrangement) at the time and date notified by our Company (unless the Board decides otherwise to increase the Options exercisable).
- (ii) In the event of a compromise or arrangement between our Company and our members or creditors being proposed in connection with a scheme for reconstruction or amalgamation of our Company, we shall give notice thereof to grantees who have Options vested but not exercised on the same date as it gives notice of the meeting to our members or creditors to consider such compromise or arrangement (“**Notice Date**”), and thereupon the grantees or its personal legal representative may exercise such Options either in full or in part (unless the Board decides otherwise to increase the Options exercisable) from the Notice Date to the earlier of the expiry date of the following: (a) the Exercise Period; (b) two months after the Notice Date; and (c) the date the compromise or arrangement is adjudicated by the court.
- (iii) In the event notice is given by our Company to our Shareholders to convene a Shareholders’ meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, we shall give notice thereof to the grantees on the same date or forthwith and the grantees or their personal legal representative may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the Options either in full or in part which is vested but not exercised (unless the Board decides otherwise to increase the Options exercisable), and we shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders’ meeting, allot and issue such number of Shares to the grantees or its personal legal representative which fall to be issued on such exercise.

(i) Lapse of Options

An Option (to the extent such Option has not already been exercised) shall lapse and not be exercisable on the earliest of:

- (i) the expiry of the Exercise Period;

- (ii) the expiry of the periods referred to in paragraphs (g) and (h) above; or
- (iii) there is unsatisfied judgment, order or award outstanding against the grantee or our Company has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his or her debts.

(j) *Adjustments*

- (i) The existence of any Options shall not affect in any way the right or power of our Company or our Shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in our Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving our Company, or create or issue any bonds, debentures, Shares, other classes of shares or preferred shares or other securities of our Company or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of our Company or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceedings, whether of similar character or otherwise, whether or not any such action referred to in this section would have an adverse effect on the scheme or any Options.
- (ii) In the event of any alteration in our capital structure while an Option remains exercisable, and such event arises from capitalization of our Company's profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, if the Board thinks appropriate, corresponding adjustments could be made in accordance with the instruction of the Board to:
 - (i) the maximum number of Shares subject to the Pre-IPO Share Option Scheme; and/or
 - (ii) the number of Shares subject to the Options so far as unexercised; and/or
 - (iii) the exercise price of the Options not exercised.
- (iii) In the event the Board determines that adjustments are appropriate in accordance with the paragraph (j)(ii) above (other than any adjustments made on capitalization issue), our Company's auditors must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable, provided that:
 - (i) any such adjustments will be made on the basis that the aggregate subscription price payable on the full exercise of any Options is to remain as close as possible and in any event not greater than the subscription price payable was before such event;

- (ii) a grantee shall have the same proportion of the issued share capital of our Company as that to which the grantee was previously entitled to;
- (iii) no such adjustments may be made to the extent that Shares would be issued at less than their nominal value;
- (iv) any such adjustments should comply with Chapter 17 of the Listing Rules and the supplemental guidance/interpretation of the Listing Rules published by the Stock Exchange from time to time (including the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes);
- (v) the issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring adjustment;
- (iv) without prejudice to paragraphs (j)(ii) and (j)(iii) above, on the Listing Date, the number of Shares under such Options that have been granted shall be automatically adjusted by the following formula:

$$D = A \times (C/B)$$

- A: the pre-adjusted number of shares with a par value of US\$1.00 in accordance with this paragraph
- B: the total number of shares with a par value of US\$1.00 held by Most Trend and the total number of preferred shares with a par value of US\$1.00 held by Top Amuse as at November 30, 2011 on the register of members of our Company
- C: the total number of Shares held by Most Trend, Eminent Ascend, Perfect Partner and Top Amuse immediately after the Capitalization Issue and Global Offering
- D: the post-adjusted number of Shares in accordance with this paragraph;
- (v) unless there are apparent mistakes, any decisions, adjustments or amendments made by the Board in accordance with this paragraph (j) shall be final and binding.

(k) No obligation to continue employment or contractual obligation

Nothing in the Pre-IPO Share Option Scheme or any Options granted pursuant thereto shall confer upon a grantee, who is an employee, any right to continue in the employment of our Group or affect in any way the right of our Group to, at any time, terminate his or her employment or be deemed or construed to constitute on the part of

our Group to extend employment of any grantee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of our Group, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment.

(l) Non-transferability

An Option shall be personal to the grantee and shall not be transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest over or in relation to any Option or attempt to do so, unless prior written consent has been given by the Board from time to time.

(m) Termination

The Pre-IPO Share Option Scheme shall terminate and all outstanding Options shall lapse if (a) Listing has not occurred by December 31, 2018; or (b) a new share option scheme has come into effect to replace the Pre-IPO Share Option Scheme and the terms and conditions of such new share option scheme shall have been discussed in good faith with the grantees and approved by our Board.

(n) Governing Law

The Pre-IPO Share Option Scheme and all Options granted under such scheme shall be governed, construed and administered in accordance with the laws of Hong Kong.

(o) Effective Date

The Pre-IPO Share Option Scheme shall become effective on November 30, 2011 (“**Effective Date**”).

(p) Termination of prior plans

The adoption of the Pre-IPO Share Option Scheme by the Board shall have the effect of automatically terminating all options, option plans or other share incentive arrangement (“**Other Plans**”) adopted by our Company prior to the Effective Date. The Pre-IPO Share Option Scheme shall supersede all Other Plans previously adopted by our Company and, as of the Effective Date, shall be the sole share option plan of our Company.

2. Outstanding Options Granted under the Pre-IPO Share Option Scheme

Pursuant to the adjustment mechanism under the Pre-IPO Share Option Scheme, each share with a par value of US\$1.00 each under each Option granted will be automatically adjusted to 48,000 Shares and the exercise price per Share under each Option will be reduced from HK\$48,654 to HK\$1.014 accordingly on the Listing Date. As a result, in anticipation of the Listing, Options to subscribe for an aggregate of 82,320,000 Shares (representing approximately 2.008% of the enlarged issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised) at an exercise price of HK\$1.014 per Share will have been granted under the Pre-IPO Share Option Scheme on the Listing Date. All the Options under the Pre-IPO Share Option Scheme were granted on or before March 20, 2013 and no further Options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

Particulars of the outstanding Options conditionally granted under the Pre-IPO Share Option Scheme are set out below:

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽³⁾
<i>Directors/senior management</i>							
1.	Wong Chohing (王再興)	Chairman, chief executive officer and executive Director	Flat C, 57th Floor, Block 2, Sorrento, No. 1 Austin Road West, Kowloon, Hong Kong	November 30, 2011	241,667	11,600,000	0.283%
2.	Huang Dehong (黃德宏)	Executive Director	Room 1002, Block B, No. 7 Building, Xilongwan, Region N23, Bao'an Central Zone, Bao'an District, Shenzhen (深圳市寶安區寶安中心區N23區龍灣7樓B座1002)	November 30, 2011	83,333	4,000,000	0.098%
3.	Yang Xianzu (楊賢足)	Independent non-executive Director	Room 401, Gate 2, No. 4 Building, No.1 Courtyard, Cuihua Street, Xicheng District, Beijing (北京市西城區翠華街1號院4號樓2門401號)	March 20, 2013	6,250	300,000	0.007%
4.	Wang Lianzhou (王連洲)	Independent non-executive Director	No. 4, Qian Hongjing Hutong, Xicheng District, Beijing (北京市西城區前紅井胡同4號)	March 20, 2013	6,250	300,000	0.007%
5.	Lam, Chi Yuen Nelson (林智遠)	Independent non-executive Director	Flat C, 16/F, No. 7 Humbert Street, Mei Foo Sun Chuen, Kowloon, Hong Kong (香港九龍美孚新村恒柏道7號16樓C座)	March 20, 2013	6,250	300,000	0.007%
6.	Wu Bo (吳波)	Vice president, chief financial officer	2D, No. 7 Building, Donghai Huayuan Phase II, Shenzhen (深圳市東海花園二期7樓2D)	November 30, 2011	186,458	8,950,000	0.218%
7.	Huang Wenbin (黃文濱)	Vice president, sales and marketing	8A, Building C2, Shui'an Xintian, Ganzhou, Jiangxin Province (江西省贛州水岸新天C2棟8A)	November 30, 2011	87,500	4,200,000	0.102%
8.	Zhao Yande (趙彥德)	Vice president, general manager of Ganzhou project	Room 1208, No. 9, Xiangxieli Garden, Futian District, Shenzhen (深圳市福田區香榭裡花園9棟1208)	November 30, 2011	87,500	4,200,000	0.102%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽⁵⁾
9.	Chen Zhongmin (陳忠民)	Vice president, design	No. 88-5, Yahuju, Guangzhou Yajule Huayuan, South Avenue, Panyu District, Guangzhou (廣州市番禺區南大道廣州雅居樂花園雅湖居88-5號)	November 30, 2011	87,500	4,200,000	0.102%
10.	Zhou Zhiyuan (周志元)	Vice president, construction	1-701, Bitongyuan, Gelin Xiaocheng, Hongwei Road, Nancheng District, Dongguan, Guangdong Province (廣東省東莞市南城區宏偉路格林小城碧桐院1-701)	October 16, 2012	41,667	2,000,000	0.049%
11.	Wang Xiangui (王顯貴)	Director, project development	Room 502, No. 7, Tiechangxia, Zhanggong District, Ganzhou, Guangxi Province (江西省贛州市章貢區鐵廠下7號502室)	November 30, 2011	20,833	1,000,000	0.024%
12.	Ma Yi (馬偉)	Assistant-to-president, director of strategic planning and project operations	H4-201, Dingtai Fenghua, Qianhai Road, Nanshan District, Shenzhen (深圳南山區前海路鼎太風華H4-201)	October 16, 2012	20,833	1,000,000	0.024%
<i>Other connected persons</i>							
13.	Wong Sheungtak ⁽¹⁾ (王雙德)	Director of some of our subsidiaries	Room B2602, No. 2 Building, Zhongxin Hongshuwan, Shahe East Road, Nanshan District, Shenzhen (深圳市南山區沙河東路中信紅樹灣2棟B2602室)	November 30, 2011	83,333	4,000,000	0.098%
14.	Wang Dekai ⁽¹⁾ (王德開)	Director of some of our subsidiaries	Room B2201, No. 2 Building, Zhongxin Hongshuwan, Shahe East Road, Nanshan District, Shenzhen (深圳市南山區沙河東路中信紅樹灣2棟B2201室)	November 30, 2011	83,333	4,000,000	0.098%
15.	Wang Desheng ⁽¹⁾ (王德盛)	Director of some of our subsidiaries	Room A1002, No. 13 Building, Zhongxin Hongshuwan, Shahe East Road, Nanshan District, Shenzhen (深圳市南山區沙河東路中信紅樹灣13棟A1002室)	November 30, 2011	83,333	4,000,000	0.098%
16.	Liu Delong (劉德龍)	Director of some of our subsidiaries	Room 406, Unit 3, No. 16, Wenming Avenue, Zhangzhou District, Ganzhou, Jiangxi Province (江西省贛州市章貢區文明大道16號3單元406室)	October 16, 2012	4,167	200,000	0.005%
17.	Xiao Junxian (肖俊賢)	Director of one of our subsidiaries	Room 1501, Building A, Jiaoshi Xincun, Henan An, Huicheng District, Huizhou (惠州市惠城區河南岸教師新村A棟1501)	November 30, 2011	20,833	1,000,000	0.024%
18.	Dong Shaohua (董少華)	Director of one of our subsidiaries	Room 302, Unit 38B- Section 4, Youyi Avenue, Chaoyang City, Liaoning Province (遼寧省朝陽市友誼大街四段38B-單元302室)	November 30, 2011	41,667	2,000,000	0.049%
19.	Du Jianhua (杜建華)	Director of one of our subsidiaries	Room 401, No. 1 Building, Jiacheng Huayuan, Ningxiang County, Hunan Province (湖南省寧鄉縣嘉誠花園1棟401)	November 30, 2011	20,833	1,000,000	0.024%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽⁵⁾
20.	Xiao Dongjie (肖冬傑)	Director of some of our subsidiaries	Room 301, C2 No. 1 Building, Weitan Bandao, Zhangjiang North Avenue, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區章江北大道蔚藍半島C2一單元301室)	November 30, 2011	10,417	500,000	0.012%
<i>Other grantees</i>							
21.	Cai Jiqun (蔡濟群)	Special assistant to president	No. 101, Block 3, No. 31 Hongqi Road, Ganzhou, Jiangxi Province (江西省贛州市紅旗大道31號3棟101#)	November 30, 2011	31,250	1,500,000	0.037%
22.	Fu Zhongshi (符中士)	Advisor to president	Room 1002, Block 6, Younans Modern City, Yiyang Road, Yiyang, Hunan Province (湖南省益陽市益陽大道有難色現代城6棟1002室)	November 30, 2011	20,833	1,000,000	0.024%
23.	Li Bi (黎碧)	Advisor to capital operation	2B, Block 8, Phase 2, Donghai Garden, Xianglin Road, Shenzhen (深圳市香林路東海花園二期8棟2B)	November 30, 2011	41,667	2,000,000	0.049%
24.	Qiu Ji (邱吉)	Advisor to president	Room 6B, Block 1, Holiday Bay, West Street, OCT Overseas Chinese Town, Nanshan District, Shenzhen (深圳市南山區僑城西街假日灣1棟6B室)	November 30, 2011	4,167	200,000	0.005%
25.	Huang Jingwang (黃敬望)	Deputy head of the Board office	Room 504, Block B, No. 29 Heping Road, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區和平路29號B座504室)	November 30, 2011	10,417	500,000	0.012%
26.	Zhong Chuangan (鍾傳翰)	Head of Hong Kong office	Room 5F16, Man Yuen Building, Jordan, Kowloon, Hong Kong (香港九龍佐敦文苑樓5F16室)	November 30, 2011	10,417	500,000	0.012%
27.	Liu Hao (劉浩)	Assistant to president	24J Fengzege, Building Fenghu, No 1005 Buji Road, Luohu District, Shenzhen (深圳市羅湖區布吉路1005號豐湖大廈豐澤閣24J)	November 30, 2011	4,167	200,000	0.005%
28.	Tian Lidong (田立東)	Manager, design department	8302, Block 8, Chengshangcheng Community, Cangcheng Road, Weinan, Shaanxi Province (陝西省渭南市倉城路城上城社區8號樓8302)	November 30, 2011	10,417	500,000	0.012%
29.	Li Jie (李傑)	Manager, fund management department	713, Limengxuan, Dimengyuan, Lianhua West Road, Futian District, Shenzhen (深圳市福田區蓮花西路錦夢園麗夢軒713)	November 30, 2011	10,417	500,000	0.012%
30.	Ma Yunfeng (馬雲峰)	Director of the finance planning department	5A, Block 3, Jiazhou Huayuan, Futian District, Shenzhen, Guangdong Province (廣東省深圳市福田區嘉洲華苑3棟5A)	November 30, 2011	10,417	500,000	0.012%
31.	Long Fei (龍飛)	Manager, cost control department	Room 305, Block 4, Haofang Garden, East to Qilin Road, Nanshan District, Shenzhen, Guangdong Province (廣東省深圳市南山區麒麟路以東東方花園4棟305房)	November 30, 2011	6,250	300,000	0.007%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽⁵⁾
32.	Zheng Yaohong (鄭耀鴻)	Manager, Business department	Room 31D, Block 18, Binhai Garden, Tsuen Wan, Hong Kong (香港荃灣海濱花園18座31D室)	November 30, 2011	4,167	200,000	0.005%
33.	Chen Ning (陳寧)	Deputy chief architect	Room 201, Block 3 (Jin Garden), Xuelinyayuan, Nanshan District, Shenzhen, Guangdong Province (廣東省深圳市南山區學林雅苑3棟(靜園)201)	November 30, 2011	2,500	120,000	0.003%
34.	Zhang Zhiming (張志明)	Deputy manager, research and development department	Fiat B, Block 309, Shawei Industrial Park, Futian District, Shenzhen, Guangdong Province (廣東省深圳市福田區沙尾工業區309棟B座)	November 30, 2011	4,167	200,000	0.005%
35.	Liu Chang (劉昌)	Deputy manager, project development department	401, Unit 3, Block 50, Xincun West Road, Zhushan District, Jingde Town, Jiangxi Province (江西省景德鎮市珠山區新村西路50棟3單元401號)	November 30, 2011	4,167	200,000	0.005%
36.	Song Jingshu (宋靜殊)	Deputy manager, brand management department	2001 class, School of Journalism and Communication, Renmin University of China, No. 175 Haidian Road, Haidian District, Beijing (北京市海澱區海澱路175號人民大學2001級新聞學院本科)	November 30, 2011	2,500	120,000	0.003%
37.	Deng Lingyuan (鄧嶺元)	Deputy manager, planning department	Group five of Dengqiao Village, Xiangqiao Township, Qichun County, Hubei Province (湖北省蕪湖縣向鶴鄉鄧橋村五組)	November 30, 2011	2,500	120,000	0.003%
38.	Qin Xun (覃尋)	Deputy manager, planning department	1-13A, Chuangshiji Binhai Garden, Nanshan District, Shenzhen, Guangdong Province (廣東省深圳市南山區創世紀濱海花園1-13A)	November 30, 2011	2,500	120,000	0.003%
39.	Duan Zhilong (段志龍)	Deputy manager, planning department	No 18 Wugongtan Road, Jianshe Street, Hechuan Town, Yongxin County, Ji'an, Jiangxi Province (江西省吉安市永新縣禾川鎮建設街武功潭路18號)	November 30, 2011	2,500	120,000	0.003%
40.	Peng Weihua (彭衛華)	Deputy manager, HR department	No 22, Group Banao, Wanshan Village, Huangxi Town, Yujiang County, Yingtan, Jiangxi Province (江西省鷹潭市余江縣黃溪鎮萬山村八聯組22號)	November 30, 2011	2,500	120,000	0.003%
41.	Liang Lina (梁麗娜)	Deputy director of the finance planning department	12C, Block A, Foreshore Court, Futian District, Shenzhen, Guangdong Province (廣東省深圳市福田區福濱苑A棟12C)	November 30, 2011	4,167	200,000	0.005%
42.	Yao Li (姚麗)	Manager, finance planning department	15C, Block 9, Shuixichuntian, Renmin Road, Longhua, Shenzhen, Guangdong Province (廣東省深圳市龍華區民權路水榭春天9棟15C)	November 30, 2011	2,083	100,000	0.002%
43.	Zhang Chengping (張承平)	Deputy general manager of one of our subsidiaries	No. 19 Huancheng Road, Zhonggong District, Ganzhou (贛州市章貢區環城路19號)	November 30, 2011	10,417	500,000	0.012%
44.	Wan Weiwei (萬偉偉)	Manager of one of our subsidiaries	404, Block B, Wanjiayingfuyuan, Ganzhou (贛州萬家幸福苑B幢404)	November 30, 2011	4,167	200,000	0.005%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽⁵⁾
45.	Qi Feng (齊峰)	Deputy marketing manager of one of our subsidiaries	No. 19 Shuamashu, Douhutun Village, Qingyuan Town, Qingyuan Manchu Autonomous County, Fushun, Liaoning Province (遼寧省撫順市清原滿族自治縣清原鎮門虎屯村拴馬樹19號)	November 30, 2011	2,500	120,000	0.003%
46.	Shang Ying (尚英)	Deputy marketing manager of one of our subsidiaries	No. 17, Gate 2, Block 8, East Zone, Longshou Village, Lianhu District, Xi'an (西安市蓮湖區龍首村東區8號樓2門17號)	November 30, 2011	2,500	120,000	0.003%
47.	Zhu Junyi (朱俊亦)	Deputy marketing manager of one of our subsidiaries	404, Block B, Wanjiaxingfuyuan, Ganzhou (贛州市萬家幸福苑B棟404)	November 30, 2011	2,500	120,000	0.003%
48.	Hu Huan (胡桓)	Deputy general manager of one of our subsidiaries	Room 407, Block E, Yinding Garden, Ganzhou (贛州市銀頂花園E棟407室)	November 30, 2011	10,417	500,000	0.012%
49.	Wang Qian (王謙)	Deputy manager of one of our subsidiaries	501, Block 7, Zhangjianghaoyuan, Zhangjiangnan Avenue, Ganzhou (贛州市章江南大道章江豪園7棟501)	November 30, 2011	4,167	200,000	0.005%
50.	Ji Yang (吉洋)	Executive deputy general manager of one of our subsidiaries	No. 9, Gate 4, Block 4, No. 210 Labour Road South, Huilian District, Xi'an (西安市蓮湖區勞動南路210號4號樓4門9號)	November 30, 2011	20,833	1,000,000	0.024%
51.	Wang Rui (王睿)	Head of engineering center	Room 1602, Block 6, Cangqianjingfuyuan, Shenzhen, Guangdong Province (廣東省深圳市南山區南新路2028號倉前景福苑6棟1602室)	November 30, 2011	5,208	250,000	0.006%
52.	Wang Tao (王濤)	Deputy general manager of one of our subsidiaries	No. 24, No. 151 Mianxing West Road, Peicheng District, Mianyang, Sichuan Province (四川省綿陽市涪城區綿興西路151號附24號)	November 30, 2011	10,417	500,000	0.012%
53.	Xu Bin (徐斌)	Executive deputy general manager of one of our subsidiaries	1-302, Design Institute, Xiangmel Road, Futian District, Shenzhen (深圳市福田區香梅路設計院1-302)	November 30, 2011	10,417	500,000	0.012%
54.	Deng Guowen (鄧國文)	Deputy general manager of one of our subsidiaries	Gemdale Mellon Town, Qiaoxiang Road, Shenzhen, Guangdong Province (廣東深圳市倚鄉路金地香蜜山花園)	November 30, 2011	4,167	200,000	0.005%
55.	Gu Chengguo (辜承國)	Deputy general manager of one of our subsidiaries	Room 302, No. 40 Chuyun Road, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區儲運路40號302室)	November 30, 2011	2,500	120,000	0.003%
56.	Huang Changhua (黃常華)	Deputy marketing manager of one of our subsidiaries	Room 101, Unit 1, Block 3, No. 7 Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區紅旗大道7號3棟1單元101室)	November 30, 2011	2,500	120,000	0.003%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽⁵⁾
57.	Hu Jianhai (胡建海)	Marketing manager of one of our subsidiaries	Room 302, Unit 1, Block 3, No. 16 Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區紅旗大道16號3棟1單元302室)	November 30, 2011	2,500	120,000	0.003%
58.	Chang Lei (常磊)	Executive deputy general manager of one of our subsidiaries	No. 83 South Road of West 4th Ring, Fengtai District, Beijing (北京市豐台區西四環南路83號)	November 30, 2011	6,250	300,000	0.007%
59.	Sun Donghui (孫東慧)	Deputy general manager (marketing) of one of our subsidiaries	No. 506, Gate 2, Block 51, Shaanchai 3rd Street, Xingping, Shaanxi (陝西省興平市陝柴三街坊51棟2門506號)	November 30, 2011	4,167	200,000	0.005%
60.	Gong Xin (聶昕)	Marketing manager of one of our subsidiaries	No. 212, Unit 4, Block 53, Shaanchai 3rd Street, Xingping, Shaanxi (陝西省興平市陝柴三街坊53棟4單元212)	November 30, 2011	4,167	200,000	0.005%
61.	Guo Xiaoyun (郭曉芸)	Deputy marketing manager of one of our subsidiaries	Room 202, Block 1, Trade Square, Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區紅旗大道貿易廣場一棟202室)	November 30, 2011	2,083	100,000	0.002%
62.	Zhong Kai (鍾凱)	Deputy general manager of one of our subsidiaries	No. 305, Unit 3, Block 3, No. 72 Huancheng Road West, Shizhong District, Jinan, Shandong Province (山東省濟南市市中區環城西路72號3單元305號)	November 30, 2011	2,500	120,000	0.003%
63.	Zhu Pengyi (朱鵬毅)	Manager of one of our subsidiaries	No. 401, Unit 1, Block 19, Zone 2, Erqixin Village, Shizhong District, Jinan, Shandong Province (山東省濟南市市中區二七新村二區19號樓1單元401號)	November 30, 2011	2,500	120,000	0.003%
64.	Xiong Wenhao (熊文浩)	Deputy general manager (engineering) of one of our subsidiaries	General Base of 44th Engineering Team, No. 44 Taiping Road, Haidian District, Beijing (北京市海澱區太平路44號工程總隊集體)	November 30, 2011	2,500	120,000	0.003%
65.	Chen Xinhua (陳新華)	Manager of one of our subsidiaries	North of Brigade 902, No. 369 West Beihu Road, Xinyu, Jiangxi Province (江西省新餘市北湖西路369號902大隊北院)	November 30, 2011	4,167	200,000	0.005%
66.	Wang Tao (王濤)	Deputy manager of one of our subsidiaries	Room 502, No. 7, Steel Factory, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區鐵廠下7號502室)	November 30, 2011	2,500	120,000	0.003%
67.	Shu Junhua (舒俊華)	Manager of one of our subsidiaries	Unit 1, Block 1, No. 4 Xinnan Lane, Xingyun West Road, Chengguan Town, Yun County, Hubei Province (湖北省郢縣城關鎮興郢西路新安巷4號1棟1單元)	November 30, 2011	2,500	120,000	0.003%
68.	Hu Wenfeng (胡文鋒)	Deputy general manager of one of our subsidiaries	Room 501, Unit 1, Block A3, Haodezhongxin Garden, Trade Square, Hedong Street, Ji'angyuan District, Jiangxi Province (江西省吉安市青原區河東街貿易廣場豪德中心花園A棟3樓一單元501室)	November 30, 2011	6,250	300,000	0.007%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽⁵⁾
69.	Li Chenghua (李澄華)	Deputy general manager of one of our subsidiaries	Qianliu Community, Xihang Garden, Caolin Road, Baqiao District, Xi'an (西安市灊橋區草臨路西航花園驛柳社區)	November 30, 2011	6,250	300,000	0.007%
70.	Liang Weishi (梁偉士)	Deputy manager of one of our subsidiaries	404, Block 47, Jinzhong Co., Ltd., Futian District, Shenzhen, Guangdong Province (廣東省深圳市福田區金眾公司47棟404)	November 30, 2011	2,500	120,000	0.003%
71.	Guo Xiaoping (郭小平)	Deputy manager of one of our subsidiaries	Room 202, Unit 2, No. 201 Yongshu Road, Jizhou District, Ji'an, Jiangxi Province (江西省吉安市吉州區永叔路201號2單元202房)	November 30, 2011	2,500	120,000	0.003%
72.	Qiu Cenglin (邱鵬林)	Deputy manager of one of our subsidiaries	5B, Block B7, Shui'an Xintian, Zhangjiangnan Avenue, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區章江南大道水岸新天B7棟5B)	November 30, 2011	4,167	200,000	0.005%
73.	Liu Yan (劉彥)	Deputy general manager of one of our subsidiaries	503, Block 14, Zhangjianghaoyuan, Zhangjiangnan Avenue, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區章江南大道章江豪園14棟503)	November 30, 2011	6,250	300,000	0.007%
74.	He Ling (何玲)	Marketing manager of one of our subsidiaries	101 or 102, Unit 3, Block 7, Jinke Apartment, Heping Town, Yuzhong County, Lanzhou (蘭州市榆中縣和平鎮金科公寓7號樓3單元101或102)	November 30, 2011	4,167	200,000	0.005%
75.	Zeng Tao (曾濤)	Deputy general manager (project) of one of our subsidiaries	No. 83 South Road of West 4th Ring, Fengtai District, Beijing (北京市豐台區西四環南路83號)	November 30, 2011	5,208	250,000	0.006%
76.	Chen Guolong (陳國龍)	Assistant to president	No. 33, Jiangong Village, Nanshan District, Shenzhen, Guangdong Province (廣東省深圳市南山區建工村33號)	October 16, 2012	20,833	1,000,000	0.024%
77.	Duan Renjie (段人傑)	Manager, procurement department	No. 204, Block 14, Honglangyi Village, Baocheng, Baoan District, Shenzhen, Guangdong Province (廣東省深圳市寶安區寶城洪浪一村東14棟204)	October 16, 2012	10,417	500,000	0.012%
78.	Li Ning (李寧)	Assistant deputy president	8-4A, Tinghai Garden, Nanshan District, Shenzhen (深圳南山區聽海花園8-4A)	October 16, 2012	10,417	500,000	0.012%
79.	Zeng Zhe (曾誌)	Manager, project engineering department	No. 3, Unit 2, Block 2, No. 148 Shaoshan Road West, Yuhu District, Xiangtan, Hunan Province (湖南省湘潭市雨湖區韶山西路148號2棟2單元3號)	October 16, 2012	4,167	200,000	0.005%
80.	Dong Tianwen (董天文)	Deputy Manager, bidding procurement	Floor 7, Zhongjian Building, Shennan Road East, Luohu District, Shenzhen, Guangdong Province (廣東省深圳市羅湖區深南東路中建大廈7樓)	October 16, 2012	2,500	120,000	0.003%
81.	Huang Jie (黃傑)	Deputy general manager, projects	No. 508, Block 6, Longjing North Road, Daliang Street, Shunde District, Foshan, Guangdong Province (廣東省佛山市順德區大良街道龍京北路6座508號)	October 16, 2012	6,250	300,000	0.007%

No.	Name of the Grantee	Position	Residential Address	Date of Grant	Number of Shares under the Options granted before the adjustment	Number of Shares under the Options granted after the adjustment ⁽²⁾	Approximate percentage of issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised ⁽³⁾
82.	Ding Yi (丁一)	Deputy general manager, projects	6#14C, Zhuoyuewainuo North Zone, Keyuan South Road, Nanshan District, Shenzhen (深圳市南山區科苑南路卓越維諾北區6#14C)	October 16, 2012	5,208	250,000	0.006%
83.	Peng Hua (彭華)	Executive deputy general manager	No. 301, Block 24, Xintuo Garden, Futian District, Shenzhen, Guangdong Province (廣東省深圳市福田區信託花園24棟301)	October 16, 2012	6,250	300,000	0.007%
84.	Zhang Kun (張坤)	Deputy Manager, Cost Control Department	4D, Block 3, Jimsenianhua Garden, No. 168 Liantang Road, Luohu District, Shenzhen, Guangdong Province (廣東省深圳市羅湖區蓮塘路168號金色年華家園3座4D)	October 16, 2012	2,500	120,000	0.003%
85.	Yan Jian (嚴斌)	Assistant to president	Block 1, Shengtianguoji, Nanning, Shenzhen (深圳市南寧市盛大國際1棟)	October 16, 2012	20,833	1,000,000	0.024%
86.	Yu Xiangsheng (於祥生)	Assistant to president	29-3-6C, Zhonghaiyicui Garden, Buji, Shenzhen (深圳市布吉中海怡翠山莊29-3-6C)	October 16, 2012	20,833	1,000,000	0.024%
87.	Li Tieqiang (李鐵強)	Executive deputy general manager of one of our subsidiaries	7-711, Shenzhen Jianye Co., Ltd., Futian District, Shenzhen, Guangdong Province (廣東省深圳市福田區深圳建業股份有限公司7-711)	October 16, 2012	6,250	300,000	0.007%
88.	Peng Yonghong (彭永紅)	Deputy general manager of one of our subsidiaries	Room 305, Unit 3, No. 20 Houde Road, Zhanggong District, Ganzhou, Jiangxi Province (江西省贛州市章貢區厚德路20號3單元305室)	October 16, 2012	4,167	200,000	0.005%
89.	Kang Dianbing (康殿丙)	Deputy general manager of one of our subsidiaries	No. 1239 Siping Road, Yangpu District, Shanghai (上海市楊浦區四平路1239號)	October 16, 2012	4,167	200,000	0.005%
90.	Fu Huoya (傅火芽)	Deputy general manager of one of our subsidiaries	Room 101, Unit 1, No. 62, Kubei Road, Jizhou District, Jian City, Jiangxi Province (江西省吉安市吉州區庫背路62號1單元101房)	November 30, 2011	6,250	300,000	0.007%
Total					1,715	82,320,000	2.008%

Notes:

- (1) Wong Sheungtak, Wang Dekai and Wang Desheng are some of our Ultimate Controlling Shareholders.
- (2) Pursuant to the adjustment mechanism under the Pre-IPO Share Option Scheme Rules (see D.1(j)(iv) above), each share with a par value of US\$1.00 under each option that has been granted shall be automatically adjusted to 48,000 Shares and the exercise price per Share under such option will be reduced from HK\$48,654 to HK\$1.014 accordingly on the Listing Date. This column is intended to illustrate the number of Shares under the options after the adjustment has been made.
- (3) These percentages are calculated on the basis of 4,100,320,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (as enlarged by the exercise in full of all the options granted under the Pre-IPO Share Option Scheme) but do not take into account any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option. The number of Shares under each option used for calculation for this column is adjusted pursuant to the adjustment mechanism under the Pre-IPO Share Option Scheme. See footnote (2) above.

The Options granted under the Pre-IPO Share Option Scheme are subject to a variety of terms and conditions disclosed in the section headed “D. Pre-IPO Share Option Scheme – 1. Summary of Terms” in this Appendix. Subject to compliance with such terms and conditions, the Options shall vest according to the following schedules:

For Options granted on November 30, 2011

Respective Vesting Date	Percentage of Shares under an Option that shall be vested
December 31, 2012	25%
December 31, 2013	50%
December 31, 2014	75%
December 31, 2015	100%

For Options granted on October 16, 2012

Respective Vesting Date	Percentage of Shares under an Option that shall be vested
December 31, 2013	25%
December 31, 2014	50%
December 31, 2015	75%
December 31, 2016	100%

For Options granted on 20 March, 2013

Respective Vesting Date	Percentage of Shares under an Option that shall be vested
December 31, 2014	25%
December 31, 2015	50%
December 31, 2016	75%
December 31, 2017	100%

The shareholding of our Shareholders immediately following the completion of the Capitalization Issue and Global Offering, assuming the Over-allotment Option is not exercised, would be diluted by approximately 2.0% upon the full exercise of all Options under the Pre-IPO Share Option Scheme.

Save as disclosed above, no other Options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme at the date of this prospectus.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into a deed of tax indemnity in favor of our Group (being a material contract referred to in the paragraph headed “B. Further Information about our Business – 1. Summary of our material contracts” of this Appendix) to provide the following indemnities in favor of our Group. Our Directors have been advised that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

Under the deed of tax indemnity, among others, our Controlling Shareholders will, severally in proportion to their respective shareholding interests in our Company immediately before the Global Offering (and not jointly or joint and severally), indemnify and at all times keep indemnified fully and effectively any member of our Group against:

- (a) taxation falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date when the Global Offering becomes unconditional or any transactions, matters, things, event, act or omission occurring or deemed to occur on or before such date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or circumstance whenever occurring, and whether or not such taxation is chargeable against or attributable to any other person;
- (b) all costs (including all legal costs), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may properly incur in connection with:
 - (i) the investigation, assessment or the contesting of any taxation claim in respect of taxation as described in the paragraph (a) above; and
 - (ii) the settlement of any taxation claim in respect of taxation as described in the paragraph (a) above; and
- (c) any actions, claims, losses, damages, costs, charges or expenses which may be made, suffered or incurred by any of them in respect of or arising directly or indirectly from any taxation or taxation claim which is covered by the indemnities given under the paragraph (a) above, including, but not limited to, all reasonable costs (including legal costs), expenses and other liabilities which any member of our Group may properly incur in connection with:
 - (i) the settlement of any claim by any member of our Group under the deed of tax indemnity;

- (ii) any legal proceedings in which any member of our Group claims under or in respect of the deed of tax indemnity and in which judgment is given for it; and
- (iii) the enforcement of any such settlement or judgment.

For the purposes of this section, “tax claims” include includes any claim, counterclaim, assessment, notice, demand or other documents issued or action taken by or on behalf of the Inland Revenue Department of Hong Kong or any equivalent authority of any part of the world or any other statutory or governmental authority whatsoever in any part of the world from which it appears that any member of our Group is liable or is sought to be made liable for any payment of any form of taxation or to be deprived of any relief, which relief would, but for the taxation claim, have been available to any member of the Group; “relief” includes any relief, allowance, set off or deduction in computing profits, right to repayment or credit granted by or pursuant to any legislation or otherwise relating to all forms of taxation.

Our Controlling Shareholders, however, will be under no liability in respect of taxation as described in the paragraph (a) above:

- (1) to the extent that provision has been made for such taxation in the audited accounts of any member of our Group for an accounting period ended on or before June 30, 2013;
- (2) falling on any member of our Group in respect of any accounting period commencing on or after June 30, 2013 unless liability for such taxation would not have arisen but for some act or omission of, or transaction entered into by, our Controlling Shareholders or any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the date on which the Global Offering becomes unconditional;
- (3) to the extent that such taxation arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other statutory or governmental authority in Hong Kong or any other part of the world having retrospective effect coming into force after the date on which the Global Offering becomes unconditional or to the extent that such taxation arises or is increased by an increase in rates of taxation after the date hereof with retrospective effect;
- (4) to the extent that such taxation is discharged by another person who is not a member of our Group and none of member of our Group is required to reimburse such person in respect of the discharge of the taxation;
- (5) to the extent of any provision or reserve made for taxation in the audited accounts referred to in the paragraph (a) above which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such

provision or reserve applied to reduce the liability of our Controlling Shareholders or any of them for taxation as described in the paragraph (a) above shall not be available in respect of any other taxation for which our Controlling Shareholders are also liable under the deed of tax indemnity;

- (6) to the extent that such taxation would not have arisen but for a voluntary act or transaction carried out by any member of our Group after the date on which the Global Offering becomes unconditional;
- (7) which arises as a result of any member of our Group failing to act in accordance with the reasonable request of our Controlling Shareholders or any of them in avoiding, resisting, compromising or settling such taxation or any taxation claim in respect of such taxation after the date on which the Global Offering becomes unconditional; or
- (8) to the extent that any claim under the deed of tax indemnity in respect of such taxation is made by any member of our Group after the expiry of the period of six years following the date on which the Global Offering becomes unconditional.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group that would have a material adverse effect on our Group's results of operations or financial condition.

3. Preliminary expenses

The preliminary expenses incurred by our Company in relation to our incorporation were approximately US\$50,000 and were paid by our Company.

4. The Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering as mentioned herein, the Shares to be issued upon conversion of the Preferred Shares into Shares as mentioned herein, and any Shares which may be issued upon the exercise of the Over-allotment Option and exercise of any options granted under the Pre-IPO Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

5. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position of our Group since June 30, 2013 (being the date on which the latest audited consolidated financial statements of our Group were made up) up to the date of the prospectus.

6. Compliance adviser

Our Company will appoint Guotai Junan International as our compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

7. Agency fees or commissions received

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted to the Directors or any of the persons whose names are listed in the paragraph headed “E. Other Information – 11. Consents” in this Appendix in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Register of members

Subject to the provisions of the Cayman Companies Law, our register of members will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited.

10. Qualifications of experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who have given opinion or advice which are contained in this prospectus:

Name	Qualification
KPMG	Certified public accountants
Savills Valuation and Professional Services Limited	Property Valuer
Global Law Office	PRC legal advisers
Maples and Calder	Cayman Islands legal advisers

11. Consents

Each of KPMG, Savills Valuation and Professional Services Limited, Global Law Office and Maples and Calder has given and has not withdrawn their respective consents to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it appears.

As at the Latest Practicable Date and save as disclosed in this prospectus, none of the experts named in the paragraph headed “E. Other Information – 10. Qualifications of experts” in this Appendix had any shareholding interests in any member of our Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and prospectuses from Compliance with Provisions) Notice, Chapter 32L of the Laws of Hong Kong.

13. Miscellaneous

(a) Save as disclosed in this prospectus:

- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for 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) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (iv) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (v) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (vi) our Company has no outstanding convertible debt securities or debentures.

14. Promoter

Our Company has no promoter.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE, YELLOW** and **GREEN** Application Forms, (ii) the written consents referred to in paragraph headed “Appendix V – Statutory and General Information – E. Other Information – 11. Consents” in this prospectus, and (iii) copies of each of the material contracts referred to in paragraph headed “Appendix V – Statutory and General Information – B. Further Information about our Business – 1. Summary of our material contracts” in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Kirkland & Ellis, 26th Floor, Gloucester 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) our Memorandum of Association and our Articles of Association;
- (b) the accountants’ report from KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the audited and consolidated financial statements of our Company for the three years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013;
- (d) the report from KPMG relating to the unaudited pro forma financial information of our Company, the text of which is set out in Appendix II to this prospectus;
- (e) the full valuation report relating to the property interests of the Company prepared by Savills Valuation and Professional Services Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the letter of advice dated October 18, 2013 prepared by Maples and Calder, our legal adviser on Cayman Islands laws, summarizing certain aspects of the Cayman Companies Law, the text of which is set out in Appendix IV to this prospectus;
- (g) the PRC legal opinions dated October 18, 2013 issued by Global Law Office, our PRC legal adviser in respect of our general matters and property interest of our Group;
- (h) copies of material contracts referred to under the paragraph headed “Appendix V – Statutory and General Information – B. Further Information about our Business – 1. Summary of our material contracts” in this prospectus;
- (i) the written consents referred to under the paragraph headed “Appendix V – Statutory and General Information – E. Other Information – 11. Consents” in this prospectus;

- (j) the service agreements and letters of appointment referred to under the paragraph headed “Appendix V – Statutory and General Information – C. Further Information about our Directors – 2. Particulars of Directors’ service contracts and letter of appointment” in this prospectus; and
- (k) the Cayman Companies Law.

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