You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended December 31, 2013, 2014 and 2015 and the accompanying notes included in the accountant's report set out in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRSs. Potential investors should read the whole of the accountant's report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading provider of premium logistics facilities in China in terms of GFA in operation as of December 31, 2015, according to the DTZ C&W Report. As of March 31, 2016, we had established a nationwide premium logistics facilities portfolio consisting of approximately 1.0 million sq.m. of GFA in operation in eight provinces or centrally administrative municipalities, approximately 1.1 million sq.m. of GFA under development and approximately 0.9 million sq.m. of land held for future development in major logistics hubs. In addition, as of March 31, 2016, we had executed 32 investment agreements for our 34 investment projects (two of these investment agreements covered two investment projects each) covering an aggregate planned GFA of 3.6 million sq.m. of land to be acquired in 19 provinces or centrally administered municipalities. Historically, the execution of investment agreement for a parcel of land has substantially eliminated the uncertainty in the land acquisition process. However, there remains risk that we may not be able to acquire such land. See "Risk Factors – Risks Relating to Our Business – We may not obtain the land use rights for our investment projects despite binding investment agreements" for further details. The extensive geographic reach of our network and our premium logistics facilities create a strong "network effect" that allows our tenants to expand across our logistics facilities network as their businesses grow.

We develop, operate and manage an extensive network of premium logistics facilities in major logistics hubs. We are one of the first entrants in China's logistics facilities market with an undivided focus in China, according to the DTZ C&W Report, and began the development, operation and management of premium logistics facilities in 2003. Through our decade long experience, we have developed a highly effective and return driven business model that allows us to rapidly replicate our success as we expand throughout China.

Our leading market position, together with our nationwide network covering strategic locations throughout China, our scalable business model, our high quality tenant base with a variety of industry backgrounds and our adaptive leasing strategy, all contributed to our rapid expansion and financial success in the past. Our consolidated revenue grew at a CAGR of 82.5% from RMB49.0 million in 2013 to RMB163.2 million in 2015, while our core net profit grew at a CAGR of 97.9% from RMB11.2 million in 2013 to RMB43.7 million in 2015. Meanwhile, our total assets of consolidated balance sheets grew at a CAGR of 135.6% from RMB1,958.6 million as of December 31, 2013 to RMB10,875.3 million as of December 31, 2015.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We derive our revenue primarily from the lease of our logistics facilities. Our results of operations are primarily affected by the following factors:

- Economic condition in China and development of logistics facilities industry;
- Scale and network of our logistics facilities;
- Availability and cost of land and cost and timing of construction;
- Rent for commercial real estate and premium logistics facilities in China;
- Occupancy rate and lease up cycle of our logistics facilities;
- Changes in the fair value of our investment properties; and
- Access to capital and cost of financing.

Economic condition in China and development of logistics facilities industry

The growth of our business depends on an array of macroeconomic and industry-specific factors. At the macroeconomic level in China, economic growth and concomitant government planning boosts disposable incomes and spurs urbanization. As disposable incomes increase, consumers spend more, driving retail sales. According to the DTZ C&W Report, per capita disposable incomes of urban households and total retail sales grew at CAGRs of 10.3% and 13.9% respectively, from 2010 to 2015. As people migrate to cities, their tighter-knit urban environments increase opportunities for exchange, further driving spending and retail sales. Due to economic growth, retailers need increasingly larger and more sophisticated logistics networks, driving demand for logistics facilities.

With respect to China's logistics industry in particular, growth is driven by a major shortage of logistics facilities, and by the growth of e-commerce and 3PL markets. Despite nominal growth in the overall quantity of warehouses, China ranks below international peers with respect to both quantity and quality of warehouses. According to the DTZ C&W Report, as of December 31, 2015, China's warehouse space per capita was 0.9 sq.m. as compared with 5.4 sq.m. in the U.S. and 4.4 sq.m. in Japan, respectively. In particular, the demand for premium warehouses in China significantly exceeds the supply thereof. E-commerce is emerging in China at a time when brick-and-mortar retail chains have not yet penetrated into lower tier cities. In these areas, consumers are generally served by local merchants and stores, and as a result, product selection is limited. Consumers seeking products that are unavailable locally turn to online channels, where e-commerce providers compete intensely for new business by striving to provide newer and better services, such as fresh delivery of food products and faster deliveries for all products, indirectly driving demand for modern logistics facilities. According to the DTZ C&W Report, 3PL revenue in China grew at a CAGR of 9.1% from 2010 to 2015, reaching US$159.0 billion in 2015, and is expected to reach

US$217.0 billion by 2019, as more retailers, manufacturers and others choose to outsource logistics for cost saving and efficiency. On the other hand, China's e-commerce market, as measured by GMV, is expected to grow at a CAGR of 25.4% from RMB3.8 trillion in 2015 to RMB7.5 trillion in 2018, according to the DTZ C&W Report.

Based on data provided in the DTZ C&W Report, we believe that both macroeconomic factors of economic growth, urbanization and disposable income, as well as industry specific factors of supply-demand imbalance, growth in e-commerce and 3PL markets will continue to drive our business. Nevertheless, as the PRC Government has only recently started to emphasize the development of a consumption-driven economy, there are uncertainties about whether such an economic model will actually be successful. If a consumer-driven economy fails to develop sufficiently in China, demand for our logistics facilities from our tenants may weaken or lapse. Slower economic growth would likely have a cascading effect on industry-specific factors, such as e-commerce and 3PL markets, resulting in potentially lower demand for logistics facilities. Any negative trends among these factors may materially and adversely affect our business and results of operations.

Scale and network of our logistics facilities

We derive substantially all of our revenue from the lease of our logistics facilities. Therefore, we depend significantly on the scale of our logistics facilities portfolio. Generally, our revenue increases as the number of our logistics facilities increases. During the Track Record Period, we established and acquired an aggregate of nine new projects, bringing our total number of logistics parks in operation to 12 across eight provinces or centrally administered municipalities, namely Shanghai, Beijing, Jiangsu, Anhui, Liaoning, Hubei, Jilin and Henan. During the same period, our revenue grew at a CAGR of 82.5% from RMB49.0 million in 2013 to RMB163.2 million in 2015, while our core net profit grew at a CAGR of 97.9% from RMB11.2 million in 2013 to RMB43.7 million in 2015.

To execute our growth strategy, we have devised a nationwide expansion plan based on our industry experience, market research, and feedback from existing and potential tenants, as well as local government authorities. Under this expansion plan, we aim to establish 54 additional logistics parks in logistics hubs in the Yangtze River Delta economic zone, the Bohai economic zone and the Pearl River Delta economic zone, the three most prominent economic zones in China, as well as selected provincial capitals. We believe that continued demand for logistics facilities in China will be sufficient to support our expansion plan, as the gap between apparent demand for modern warehouse facilities and available supply continues. Furthermore, establishing additional logistics facilities in strategic locations will strengthen a network effect, whereby adding properties will allow our tenants to expand within our logistics parks as well as across our logistics network as their own businesses grow, further bolstering demand for our logistics facilities.

Nevertheless, expanding into new geographical locations involve uncertainties and challenges as we may be less familiar with local regulatory practices, tenants' preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. These uncertainties affect our development schedule and therefore our ability to meet stated goals. In addition, expanding our business into new geographical locations entails competition with logistics facilities providers who have better-established local presence or better relationships with local governments or greater access to local labor, expertise and knowledge than we do. We may have difficulty replicating our business model in these locations, and any such failures may materially and adversely affect our business and results of operations.

Availability and cost of land and cost and timing of construction

The growth and success of our business depend in part on our ability to continue acquiring additional land in desirable locations at reasonable prices that are suitable for our logistics park projects. We held seven parcels of land for future development with an aggregate planned GFA of approximately 0.9 million sq.m. as of March 31, 2016. In addition, as of March 31, 2016, we had executed 32 investment agreements for our 34 investment projects (two of these investment agreements covered two investment projects each) covering an aggregate planned GFA of 3.6 million sq.m. of land to be acquired in 19 provinces or centrally administered municipalities. Historically, the execution of investment agreement for a parcel of land has substantially eliminated the uncertainty in the land acquisition process. However, there remains risk that we may not be able to acquire such land. See "Risk Factors – Risks Relating to Our Business – We may not obtain the land use rights for our investment projects despite binding investment agreements" for further details. Based on our expansion plan, we believe that our land held for future development and investment projects would comfortably support our expansion over the next three to five years. Nevertheless, to support the continued long-term growth of our business, we continue to seek suitable sites for future projects. Our ability to acquire land depends on a variety of factors that are beyond our control, such as overall economic conditions, and the availability of land parcels provided by the government.

The government controls the supply and price of new land parcels and approves the planning and use of such land parcels. It is expected that land premiums will continue to rise as the PRC economy continues to develop. To the extent that we are unable to acquire suitable land parcels at commercially reasonable prices for our future development in a timely manner or at prices that enable reasonable economic returns to us, our business may be materially and adversely affected.

Our ability to control construction and related costs also affect the growth and profitability of our business. These costs primarily include construction materials and labor costs. The construction and related costs of our logistics park projects vary according to the GFA and height of the buildings, the geology of the construction sites, as well as the use and price of certain key construction materials, such as steel and cement, and the development schedule for the project. Costs for construction materials and construction labor for a property development project are generally project specific and included in the contract fees agreed between us and our general contractors. However, increases in construction and related costs will likely prompt our contractors to increase their fee quotes for new property development projects. Furthermore, we engage third-party contractors to carry out various services. But any third-party contractor may fail to provide satisfactory services at the level of quality or within the timeline required by us. If the third-party contractor's performance is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the development schedule and cost structure of our projects. We expect our property development costs will continue to be influenced by fluctuations in the cost of construction materials, the rise in labor costs and the performance of third-party contractors.

Rent for premium logistics facilities in China

Historically, increases in per square meter rent, along with our total GFA, have driven our revenue growth at a CAGR of 82.5% from RMB49.0 million in 2013 to RMB163.2 million in 2015. During the Track Record Period, our weighted average contracted rent grew from RMB0.73 per square meter per day in 2013 to RMB0.75 per square meter per day in 2014 and further grew to RMB0.87 per square meter per day in 2015. We expect the weighted average contracted rent for our logistics facilities to increase further as a result of the supply and demand gap for premium logistics facilities. According to the DTZ C&W Report, the existing supply of premium logistics facilities meets only half of the demand of China's tier I and tier II cities and has resulted in a steady increase in rental rates over the past few years that is expected to continue. Furthermore, the significant gap between apparent demand for modern logistics facilities and available supply is not expected to close by the end of 2019 according to the DTZ C&W Report. Other industry specific factors such as the growth in e-commerce and 3PL markets, combined with macroeconomic factors of economic growth, urbanization and disposable income will continue result in higher rental rates.

Nevertheless, if economic growth slows, potential tenants may delay or cancel expansion plans for their operations, including rental of our logistics facilities. The cascading effect on industry-specific factors, such as a smaller supply-demand imbalance, and slower growth in e-commerce and 3PL markets would also adversely affect our business. Even aside from such economic factors, competition is intense among logistics facilities providers and some of our tenants may have stronger bargaining powers than us. We may be unable to enter into new lease agreements on terms commercially aligned with prevailing market rates and conditions, adversely affecting our business and results of operations.

Occupancy rate and lease up cycle of our logistics facilities

Our revenue and liquidity may vary significantly from period to period depending on our occupancy rates and leasing cycles. Higher occupancy rates and shorter leasing cycles are favorable to our revenue growth and liquidity position, respectively. Occupancy rates depend on a number of factors including the overall attractiveness of our projects, local supply and demand of comparable properties, our tenant mix, rental rates at competing properties, general economic conditions and the ability to minimize the intervals between lease expiries (or terminations) and entry into new leases.

Historically, we have maintained a consistently high occupancy rate and were able to lease out our properties in a relatively short period time. As of December 31, 2013, 2014 and 2015, our occupancy rate for stabilized logistics parks was 89.7%, 97.3% and 89.3%, respectively. As of March 31, 2016, we had an occupancy rate for stabilized logistics parks of 91.4% for our completed and stabilized logistics parks. Historically, we were able to pre-lease over 40% of our logistics facilities in terms of GFA on average, and it typically takes approximately six to nine months to substantially lease-up a new logistics park after its completion of construction. Such quick and efficient process have significantly boosted our return on capital and cash flow position, and enabled us to rapidly expand our national network across the country.

We will endeavor to maintain a high occupancy rate for our new and existing logistics park projects. Our historical tenant retention rate of 83.8% in terms of GFA during the Track Record Period underscores our ability to consistently meet our tenants' needs. We implement an active and adaptive leasing strategy whereby we maintain constant dialogues with both existing and prospective tenants to manage lease renewals and fill vacancies. This allows us to manage lease renewals ahead of on-coming market supply, shorten lease-up cycle with existing tenancy expansion and optimize our tenant mix based on the changing market trends. We believe the strong network effect and our high-quality services we provide enable us to forge long-term cooperative relationships with a large number of top quality domestic and foreign tenants. Furthermore, proactive efforts by our marketing and leasing staff to provide prospective tenants information about our logistics parks further augmenting our comparatively high occupancy rates.

Nevertheless, there is no guarantee that we will be able to successfully renew our existing leases upon their expiration on terms acceptable to us, or at all. Nor can we guarantee that we can maintain our historically high occupancy rates. If we are unable to maintain good relationships with our existing tenants, or if we are unable to develop and maintain new tenant relationships, our tenants may choose the service of other logistics facilities providers and our revenue will decrease, adversely affecting our business and results of operations.

Changes in the fair value of our investment properties

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at cost and subsequently stated at their fair value based on valuations performed by an independent property valuer. Our finance department includes a team that reviews the valuations performed by the valuer for reporting purposes and reports to our senior management. Subsequent gains or losses arising from changes in fair values are recorded as fair value gains or losses on investment properties. Changes in fair value can arise from either completed investment properties or investment properties under development. Their fair values may increase or decrease based on a wide range of factors, including social and economic environment and government policies.

In 2013, 2014 and 2015, we had fair value gains on investment properties of RMB321.0 million, RMB421.2 million and RMB2,670.0 million, respectively. These adjustments reflected unrealized capital gains on our investment properties as of the relevant reporting dates, and did not generate cash flow. Furthermore, they might not be comparable between periods. We expect the impact of fair value change on our results of operations will continue to be significant as a result of market fluctuations, and have a significant impact on our business and results of operations.

Access to capital and cost of financing

We fund our business operations through internally generated funds, and external financing, including, bank borrowings, financings from investors and shareholders' contributions. In general, we aim to maintain an LTV ratio of approximately 50% on project level. During the Track Record Period, our LTV ratio on project level typically ranged between 40% and 58%. As of December 31, 2013, 2014 and 2015, our outstanding bank borrowings amounted to RMB362.7 million, RMB678.2 million and RMB1,579.1 million, respectively. As a result of our financings, we record significant finance expenses. In 2013, 2014 and 2015, our finance expenses were RMB12.4 million, RMB17.3 million and RMB26.9 million, respectively.

Our outstanding borrowings are typically subject to floating rates. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by the PBOC, any increase in the benchmark lending rates will increase the interest costs related to our developments. During the Track Record Period and as of the last practicable date, all of our bank borrowings, except for one long-term loan, bore floating interest rates. Any future increase in their rates will increase the finance costs of our property development projects. The PRC Government from time to time has imposed certain restrictions on bank lending for property development. To the extent the PRC Government slows the development of the private property sector, either by restricting loans to the sector or by increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected. As such, any increase in interest rates offered to us, together with the general availability of credit, may significantly impact our business. 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.

In addition, we historically financed our expansion through various hybrid instruments including the Convertible Notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares. As of December 31, 2014 and 2015, the outstanding Convertible Notes were valued at RMB1,064.2 million and RMB2,109.7 million, respectively. As of December 31, 2013, 2014 and 2015 our redeemable convertible deemed preferred shares (representing the project-level investments by our joint venture partners) held by Seed Holding II were valued at RMB279.9 million, RMB869.3 million and RMB1,695.6 million, respectively. As of December 31, 2015, our prepayable loans were valued at RMB1,650.9 million. As of December 31, 2015 our redeemable convertible ordinary shares (representing the project-level investments by our joint venture partners) held by Logisware were valued at RMB334.3 million. As a result of these hybrid instruments, we recorded fair value losses of RMB11.9 million, RMB210.2 million and RMB1,155.6 million for the years ended December 31, 2013, 2014 and 2015, respectively. As these hybrid instruments will be retired shortly prior to Listing, we do not expect to incur further fair value losses on these instruments in the future.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on November 12, 2013, and as a result of our Reorganization, our Company became the holding company of our Group. For further information relating to our Reorganization, see "History, Reorganization and Corporate Structure" for further details. The Reorganization involved the insertion of the Company and its other subsidiaries owned by the Controlling Shareholders, as holding companies of Shanghai Yupei for the purpose of the Listing. The Company, Wuhu Yupei Investment and Anhui Yupei Business Management have not been involved in any business prior to the Reorganization and do not meet the definition of business. The Reorganization would not meet the definition of a business combination. Accordingly, the transactions are accounted for as a capital reorganization, and our consolidated financial information is prepared as a continuation of our Group's business on a consolidated basis and are presented for the Track Record Period of the companies comprising the Group.

We meet our day-to-day working capital requirements through our bank facilities and issuance of hybrid instruments. As of December 31, 2015, the current liabilities exceeded the current assets by RMB241.6 million. The current economic conditions continue to create uncertainty particularly over the availability of bank finance for the foreseeable future. Our forecasts and projections, taking account of reasonably possible changes in operating performance, show that we should be able to operate within the level of our current facilities. The available unutilized borrowing facilities as of December 31, 2015 were RMB132.0 million. Subsequent to December 31, 2015 till April 30, 2016, long-term bank borrowings amounting to RMB763.5 million were successfully drawn down, and the available unutilized borrowing facilities as of April 30, 2016 increased to RMB193.5 million.

After making enquiries, the Directors have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We therefore continue to adopt the going concern basis in preparing the consolidated financial information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations as included in this prospectus are based on our consolidated financial information prepared in accordance with the significant accounting policies, which are in conformity with IFRSs. See Note 2 to the Accountant's Report set forth in Appendix I to this prospectus for further details about our significant accounting policies. Accounting methods, assumptions and estimates that underlie the preparation of our consolidated financial information affect our financial condition and results of operation reported. Such assumptions and estimates are made based on historical experience and various other assumptions that we believe to be reasonable, the results of which form the basis of judgments on our carrying amounts of assets and liabilities and our results. Results may differ under different assumptions or conditions.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial information. We believe that the following accounting policies involve the most significant accounting judgments and estimates used in the preparation of our consolidated financial information.

Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by us. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, we use alternative valuation methods such as recent prices on less active markets or discounted cash flow ("DCF") projections. Changes in fair values are recorded in the consolidated statements of comprehensive income.

Financial assets

(a) Classification

We classify our financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Our management determines the classification of our financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. Our loans and receivables comprise "trade and other receivables", "cash and cash equivalents" and "restricted cash" in the consolidated balance sheets , see Notes 2.14 and 2.15 of the accountant's report.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which we commit to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statements of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and we have transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Hybrid instruments

Hybrid instruments issued by us comprise convertible notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares.

(a) Convertible notes

Convertible notes which entitle the holder a put option (i.e. an option to require us to redeem in cash) and an option to convert into a variable number of equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as compound instruments consisting of a liability and a derivative component. The convertible notes including the embedded derivative as a whole are designated as financial liabilities at fair value through profit or loss. The entire convertible notes are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the convertible notes designated as financial liabilities at fair value through profit or loss are recognized immediately in consolidated statements of comprehensive income.

The convertible notes are classified as current unless we have an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

(b) Redeemable convertible deemed preferred shares

Redeemable convertible deemed preferred shares which entitle the holder (i) to convert into a variable number of equity instruments, or to convert into a fixed number of equity instruments in exchange of variable amount of cash and (ii) to participate in dividends appropriation in preference to holders of ordinary shares, subject to the discretion of the Directors, are regarded as compound instruments that consist of a liability component, an embedded derivative and an equity component. We designate the redeemable convertible deemed preferred shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible deemed preferred shares are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the redeemable convertible deemed preferred shares, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statements of comprehensive income.

The redeemable convertible deemed preferred shares are classified as current unless we have an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

(c) Prepayable loans

Prepayable loans with a host debt and prepayment features embedded, which are not closely related to the host debt, are regarded as hybrid instruments consisting of a liability and a derivative component. The prepayable loans including the embedded derivative as a whole are designated as financial liabilities at fair value through profit or loss. The entire prepayable loans are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the prepayable loans designated as financial liabilities at fair value through profit or loss are recognized immediately in consolidated statements of comprehensive income.

The prepayable loans are classified as current unless we have an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

(d) Redeemable convertible ordinary shares

Redeemable convertible ordinary shares which entitle the holder (i) to convert into a variable number of equity instruments, or to convert into a fixed number of equity instruments in exchange of variable amount of cash and (ii) to participate in dividends appropriation, subject to the discretion of the Directors, are regarded as hybrid instruments that consist of a liability component, an embedded derivative and an equity component. We designate the redeemable convertible ordinary shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible ordinary shares are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the redeemable convertible ordinary shares, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statements of comprehensive income.

The redeemable convertible ordinary shares are classified as current unless we have an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for service supplied, stated net of discounts and value added taxes. We recognize revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of our activities, as described below.

Rental income and revenue from providing management services

Rental income from investment property is recognized in the consolidated statements of comprehensive income on a straight-line basis over the term of the lease. We provide property management services to our tenants. Revenue derived from sales of services is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. Each item has also been expressed as a percentage of our revenue.

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Consolidated Statements of Comprehensive Income						
Revenue	**49,016**	**100.0**	**67,555**	**100.0**	**163,238**	**100.0**
Cost of sales	(16,195)	(33.0)	(21,262)	(31.5)	(57,252)	(35.1)
Gross profit	**32,821**	**67.0**	**46,293**	**68.5**	**105,986**	**64.9**
Selling and marketing expenses	(4,197)	(8.6)	(8,005)	(11.8)	(14,312)	(8.8)
Administrative expenses	(14,391)	(29.4)	(32,610)	(48.3)	(59,496)	(36.4)
Other income	5,361	10.9	26,114	38.7	125,843	77.1
Fair value gains on investment properties – net	321,022	654.9	421,162	623.4	2,669,987	1,635.6
Fair value losses on hybrid instruments – net	(11,906)	(24.3)	(210,223)	(311.2)	(1,155,561)	(707.9)
Other gains/(losses) – net	3,652	7.5	(603)	(0.9)	171,841	105.3
Operating profit	**332,362**	**678.1**	**242,128**	**358.4**	**1,844,288**	**1,129.8**
Finance income	3,050	6.2	28,575	42.3	47,534	29.1
Finance expenses	(12,386)	(25.3)	(17,277)	(25.6)	(26,913)	(16.5)
Finance (expenses)/income – net	**(9,336)**	**(19.0)**	**11,298**	**16.7**	**20,621**	**12.6**
Share of profit of investments accounted for using the equity method	8,570	17.5	–	–	16,215	9.9
Profit before income tax	**331,596**	**676.5**	**253,426**	**375.1**	**1,881,124**	**1,152.4**
Income tax expense	(97,825)	(199.6)	(105,583)	(156.3)	(675,759)	(414.0)
Profit for the year attribute to the owners of the Company	**233,771**	**476.9**	**147,843**	**218.8**	**1,205,365**	**738.4**
Total comprehensive income for the year attribute to the owners of the Company	**233,771**	**476.9**	**147,843**	**218.8**	**1,205,365**	**738.4**

Revenue

During the Track Record Period, we generated revenue from the leasing of our logistics facilities and the provision of related management services to our tenants. Primary factors affecting our revenue are the number of our logistics parks and total GFA in operation as of each financial year end and the levels of rent and management fee during such financial year.

Set forth below is a breakdown of our revenue by rental income and management fee in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Rental income	45,001	91.8	63,888	94.6	150,166	92.0
Management fee	4,015	8.2	3,668	5.4	13,071	8.0
Total	**49,016**	**100.0**	**67,556**	**100.0**	**163,238**	**100.0**

The following table sets forth the breakdown of our revenue by geographical location of our logistics parks for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Tier I cities and provincial capitals(1)	30,041	61.3	48,087	71.2	138,172	84.6
Others	18,975	38.7	19,469	28.8	25,066	15.4
Total	**49,016**	**100.0**	**67,556**	**100.0**	**163,238**	**100.0**

Note:

(1) Including Beijing, Shanghai, various provincial capitals and Suzhou, which locates in the greater Shanghai metropolitan area.

The following table sets forth the major operating data of our logistics parks during the Track Record Period:

	As of or for the years ended December 31,		
	2013	2014	2015
Total GFA in operation (sq.m.)(1)	223,534	381,559	968,304
Occupancy rate for stabilized logistics parks (%)(1)	89.7	97.3	89.3
Weighted average occupancy rate for stabilized logistics parks (%)(2)	89.1	97.1	71.7
Weighted average occupancy rate for pre-stabilized logistics parks (%)(2)	69.0	28.0	51.6
Tenant retention ratio(3)	100.0	82.3	84.1
Weighted average contracted rent (RMB/sq.m./day)(4)	0.73	0.75	0.87
Investment yield (%)(5)	13.1	8.3	8.2

Notes:

(1) As of the end of the respective periods.

(2) Calculated by dividing (i) the sum of the products of (a) the number of months of operation for the lease agreement, multiplied by (b) the leased GFA, in each case for each lease agreements, by (ii) the sum of all the product of (c) the number of months of operation for each of logistics parks, multiplied by (d) the leasable GFA for each logistics park in each case for each logistics parks.

(3) In terms of GFA, calculated by dividing the GFA of renewed leases by the GFA of expiring leases during the period.

(4) Calculated as the total revenue of facilities in operation in the period divided by the sum of all the product of (a) the number of months of operation for each of the leases agreement, multiplied by (b) the leased GFA for each lease agreement, multiplied by (c) 12 months, and then divided by (d) 365 days. Includes both retinal income and property management fees.

(5) Calculated by dividing our total revenue for the year by the arithmetic mean of the development cost or acquisition cost for the logistics parks in operation at the beginning and the end of each period.

Our revenue increased from RMB49.0 million in 2013 to RMB67.6 million in 2014, and further increased to RMB163.2 million in 2015. The increases in our revenue during the Track Record Period were primarily attributable to: (i) an increase in the number of our logistics parks in operation and therefore the total GFA, which is part of our nationwide expansion plan; and (ii) an overall increase in the levels of rent and management fee for our logistics park projects in operation which were generally in line with the market trends in the cities we operate. Macro-economic factors, growing popularity and market demand of premium logistics facilities, our enhanced efforts to secure new land for future development and to construct new logistics park projects and our tenants base all contributed to our rapid expansion during the Track Record Period. Going forward, we expect to continue to capitalize on such favorable trends by further expanding our logistics park project network while driving same-property sales growth.

Cost of Sales

Our cost of sales primarily comprises tax charges, maintenance and repairing costs, leasing commission and employee benefit expenses (including salaries, benefits and other compensations paid to our employees) that are directly related to the leasing and management of logistics parks. In 2013, 2014 and 2015, our cost of sales amounted to RMB16.2 million, RMB21.3 million and RMB57.3 million, respectively, representing 33.0%, 31.5% and 35.1% of our revenue for the respective periods. Set forth below is a breakdown of our cost of sales in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Employee benefit expenses	1,216	2.5	1,071	1.6	2,506	1.5
Leasing commission	476	1.0	2,230	3.3	6,004	3.7
Maintenance and repairing costs	2,119	4.3	2,870	4.2	8,864	5.4
Utilities and office expenses	476	1.0	–	–	–	–
Tax charges	10,449	21.3	14,778	21.9	37,289	22.8
Leasing fees	177	0.4	122	0.2	–	–
Others	1,282	2.6	191	0.3	2,589	1.6
Total	**16,195**	**33.0**	**21,262**	**31.5**	**57,252**	**35.1**

Throughout the Track Record Period, our cost of sales continued to increase in absolute amounts as the number of our logistics parks in operation continued to grow, which was in line with our business expansion, resulting in a steady increase of property and land related taxes in connection with our logistics parks in operation, leasing commission paid to third-party real estate agents to source new tenants, property maintenance costs and other miscellaneous expenses. Going forward, we expect our cost of sales to further increase as we further expand our logistics park project network throughout China.

Our cost of sales as a percentage of our revenue decreased despite inflation in China from 2013 to 2014, primarily attributable to improvement in economies of scale from our growing operation scale. Our cost of sales as a percentage of our revenue increased from 2014 to 2015, primarily attributable to substantial increases in our property and land related taxes and other costs in 2015 resulting from the significant increase in number of our logistics parks in operation from 2014 to 2015, which outpaced the growth of our revenue during the same period since a number of such new logistics parks launched their businesses in the second half of 2015. Going forward, as our logistics parks will become fully operational, we expect to achieve better economies of scale and we expect our cost of sales as a percentage of our revenue to remain relatively stable in the future.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. In 2013, 2014 and 2015, our gross profit amounted to RMB32.8 million, RMB46.3 million and RMB106.0 million, respectively, and our gross profit margin was 67.0%, 68.5% and 64.9%, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee benefit expenses (including salaries, benefits and other compensations) paid to our sales and marketing personnel. In 2013, 2014 and 2015, our selling and marketing expenses amounted to RMB4.2 million, RMB8.0 million and RMB14.3 million, respectively, representing 8.6%, 11.8% and 8.8% of our revenue for the respective periods. Set forth below is a breakdown of our selling and marketing expenses in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Employee benefit expenses	4,054	8.3	7,285	10.8	13,744	8.4
Others	143	0.3	720	1.0	568	0.4
Total	**4,197**	**8.6**	**8,005**	**11.8**	**14,312**	**8.8**

Throughout the Track Record Period, our selling and marketing expenses in absolute amounts continued to increase, primarily attributable to (i) the expansion of our in-house sales and marketing team to support the launch of our new logistics park projects in China during the Track Record Period; and (ii) our strengthened selling and marketing efforts to promote our new logistics parks. Our selling and marketing expenses as a percentage of our revenue increased from 2013 to 2014, which was primarily attributable to higher expenditure for sales and marketing staff as we expanded our team in expectation of a larger operation scale. Our selling and marketing expenses as a percentage of our revenue decreased from 2014 to 2015, primarily attributable to economies of scale from our growing operation scale and the increase of our operational efficiency. Going forward, as we continue to expand our logistics park project network and to increase our operational efficiency, we expect our selling and marketing expenses in absolute amounts to continue to grow, while our selling and marketing expenses as a percentage of our revenue to remain relatively stable in the future.

Administrative Expenses

In 2013, 2014 and 2015, our administrative expenses amounted to RMB14.4 million, RMB32.6 million and RMB59.5 million, respectively, representing 29.4%, 48.3% and 36.4% of our revenue for the respective periods. Set forth below is a breakdown of our administrative expenses in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Audit services	564	1.2	1,105	1.6	880	0.5
Employee benefit expenses	4,481	9.1	4,575	6.8	8,675	5.3
Utilities and office expenses	2,258	4.6	2,490	3.7	2,140	1.3
Professional fees	1,610	3.3	1,707	2.5	10,694	6.6
Listing expenses	–	–	760	1.1	17,554	10.8
Pre-IPO private placement commission fee	–	–	11,014	16.3	7,440	4.6
Tax charges	734	1.5	1,675	2.5	2,182	1.3
Travelling expenses	1,320	2.7	2,421	3.6	3,881	2.4
Leasing fees	1,168	2.4	2,211	3.3	3,045	1.9
Entertainment expenses	1,269	2.6	1,335	2.0	1,076	0.7
Others(1)	987	2.0	3,317	4.9	1,929	1.0
Total	**14,391**	**29.4**	**32,610**	**48.3**	**59,496**	**36.4**

Note:

(1) *Consists of depreciation of property, plant and equipment, bank charges, maintenance and repairing costs and others.*

Throughout the Track Record Period, our administrative expenses primarily consisted of the following components.

- *Employee benefit expenses*, which were salaries, benefits and compensations paid to our management and administrative personnel.

- *Utilities and office expenses, travelling expenses, leasing fees* and *entertainment expenses*, which were expenses incurred in connection with office rental and administration, as well as business travels of our management and administrative personnel to develop and plan for new logistics park projects and to maintain our existing tenant relationships.

- *Pre-IPO private placement commission fee*, which was a one-off charge of RMB11.0 million and RMB7.4 million incurred in connection with our pre-IPO financing efforts in 2014 and 2015, respectively, and non-recurring in nature.

- *Tax charges*, which were mainly property and land related taxes in connection with our logistics parks under development and stamp duties.

- *Listing expenses*, which were fees paid to professional parties in connection with the Global Offering.

- *Professional fees*, which were fees paid to professional parties in connection with various consultation services (mainly including consultation services for the acquisition of logistics parks) we received.

Throughout the Track Record Period, our administrative expenses continued to increase in absolute amounts as the number of our logistics parks under development and planned for future development experienced significant growth which was in line with our business expansion, resulting in an increase in our management and administrative headcount, tax charges, office and travel expenses and other miscellaneous expenses, as well as listing expenses and one-off charges in association with our pre-IPO private placement to finance our business expansion. Our administrative expenses as a percentage of our revenue increased from 2013 to 2014, primarily as a result of our pre-IPO private placement efforts in 2014. Our administrative expenses as a percentage of our revenue decreased from 2014 to 2015, primarily attributable to economies of scale from our growing operation scale and the increase of our operational efficiency, partially offset by the increases in our listing expenses and business acquisitions costs. Excluding the impact of non-recurring items, we expect our administrative expenses in absolute amounts to further increase as we further expand our logistics park project network throughout China and to incur additional expenses as a public company upon the completion of the Global Offering. However, we expect our administrative expenses as a percentage of our revenue to remain relatively stable in the future as we improve our economies of scale and operational efficiency.

Other Income

Our other income primarily comprises compensation income, income related government grants and asset related government grants. In 2013, 2014 and 2015, we received other income of RMB5.4 million, RMB26.1 million and RMB125.8 million, respectively. Set forth below is a breakdown of our other income for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Compensation income	108	2.0	7,001	26.8	–	–
Income related government grants	1,830	34.1	413	1.6	4,808	3.8
Asset related government grants	3,423	63.9	18,700	71.6	121,035	96.2
Total	**5,361**	**100.0**	**26,114**	**100.0**	**125,843**	**100.0**

The amount of compensation income we received in 2014 was due to a counterparty's default on their cooperation arrangement with us and was one-off in nature. Income related government grants we received during the Track Record Period primarily include tax refunds we received from the local tax authorities from time to time. Asset related government grants we received during the Track Record Period primarily include government subsidies to support for the development of local logistics and storage industry in China, which were in accordance with the definitive investment agreements entered into between the respective local government authorities and us for certain of our logistics park projects and related local governmental policies. More specifically, certain of the government grants received by us had included one or more of the following criteria and conditions: (i) establishment of project company in the respective local region; (ii) full payment of project company's registered capital; and (iii) construction of the respective logistic park. In 2013, 2014 and 2015, the government grants we received were RMB5.3 million, RMB19.1 million and RMB125.8 million, representing 2.2%, 12.9% and 10.4% of our net profit for the respective periods. These government grants are non-recurring, and there can be no assurance that we will be able to receive such government grants in the future.

Fair Value Gains on Investment Properties – Net

Our logistics facilities are accounted for as investment properties and are recorded as non-current assets in our consolidated balance sheets at fair value as of each balance sheet date as determined by independent valuations. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses in our consolidated statements of comprehensive income, which may have a substantial effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of basis or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China, where all of our investment properties are situated. See "—Factors affecting our results of operations—Changes in the fair value of our investment properties" and "—Analysis of Selected Financial Position Items—Investment Properties" for further details. The fair value of each of our investment properties is primarily affected by supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation and political and economic developments in the areas where the investment properties are located. In addition, the fair value of each of our investment properties under development is also affected by construction costs and the development schedule of our logistics park projects.

Fair Value Losses on Hybrid Instruments – Net

The fair value of our hybrid instruments as of the date of issuance, de-recognition and/or each balance sheet date were determined based on retrospective valuations performed by an independent valuer. See "—Indebtedness—Hybrid Instruments" and Note 17 to the Accountant's Report set forth in Appendix I to this prospectus for more information.

Other Gains/(Losses) – Net

Our other gains/(losses) – net primarily comprise net gains from disposal of our associates and subsidiaries and negative goodwill net of other losses. Set forth below is a breakdown of our other gains/(losses) – net for the periods indicated:

	Year Ended December 31,					
	2013		2014		2015	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Net gains from disposal of associates	4,468	122.3	–	–	–	–
Net gains from disposal of subsidiaries	–	–	–	–	509	0.3
Negative goodwill	–	–	–	–	171,642	99.9
Others	(816)	(22.3)	(603)	100.0	(391)	(0.2)
Total	**3,652**	**100.0**	**(603)**	**100.0**	**171,841**	**100.0**

In 2015, we recognized negative goodwill arising from our acquisitions of Suzhou Yuqing Logistics Park and Zhengzhou Yupei Huazhengdao Logistics Park in our consolidated statements of comprehensive income as the cost of acquisitions was less than the fair value of these targets based on purchase price allocation valuation performed by an independent valuer.

Finance (Expenses)/Income – Net

Our finance income primarily comprise interest income from our bank deposits and net exchange gains. Our finance expenses primarily comprise interest on bank borrowings, interest on advances from related parties, net of capitalization of interest, and net exchange losses. Set forth below is a breakdown of our finance (expenses)/income – net for the periods indicated:

	Year Ended December 31,		
	2013	2014	2015
	(in RMB thousands)		
Finance income			
Interest income on bank deposits	3,050	16,467	11,518
Net exchange gains	–	12,108	36,016
	3,050	**28,575**	**47,534**
Finance expenses			
Interest on bank borrowings	(21,287)	(32,132)	(65,366)
Interest on advances from related parties	(3,466)	(4,439)	(15,395)
Less: Capitalization of interest	15,598	19,294	53,848
Net interest expense on borrowings	**(9,155)**	**(17,277)**	**(26,913)**
Net exchange losses	(3,231)	–	–
	(12,386)	**(17,277)**	**(26,913)**
Total	**(9,336)**	**11,298**	**20,621**

Throughout the Track Record Period, our finance income and finance expenses continued to increase in absolute amounts, primarily due to the increases in our bank borrowings to support our business growth and net exchange gains in connection with the proceeds from the issuance of hybrid instruments to our Pre-IPO Investors in 2014 and 2015, respectively. Interest on bank borrowings continued to grow during the Track Record Period, primarily due to the increases in the balance of our bank borrowings to support our business growth. See "—Indebtedness" for further details of our bank borrowings.

Income Tax Expense

Our income tax expense primarily comprises our current income tax and deferred income tax. Our deferred income tax results mainly from the fair value changes of our investment properties and hybrid instruments, and other temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements at the end of respective periods. Set forth below is a breakdown of our income tax expense for the periods indicated:

	Year Ended December 31,		
	2013	**2014**	**2015**
	(in RMB thousands)		
Current income tax	9,320	1,871	17,070
Deferred income tax	88,505	103,712	658,689
Total	**97,825**	**105,583**	**675,759**

Our profits in the PRC are subject to the EIT rate of 25% on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which we operate, including Cayman Islands and Hong Kong.

The tax on our profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year Ended December 31,		
	2013	**2014**	**2015**
	(in RMB thousands)		
Profit before tax	**331,596**	**253,426**	**1,881,124**
Weighted average applicable tax rates	**25%**	**25%**	**25%**
Tax calculated at weighted average applicable tax rates	82,899	63,097	469,952
Offshore expenses or losses, net	-	42,645	230,509
Tax effect resulted from consolidated related adjustments	16,889	-	-
Tax calculated at domestic tax rates applicable to profits in the respective countries or regions	**99,788**	**105,742**	**700,461**
Domestic tax rates applicable in the respective countries or regions	**30.1%**	**41.7%**	**37.2%**
Tax losses with no deferred tax asset recognized	358	238	19,496
Negative goodwill arising from business combination that not subject to taxation	-	-	(42,910)
Other reconciliation items	(2,321)	(397)	(1,288)
Tax charge	**97,825**	**105,583**	**675,759**
Effective tax rates	**29.5%**	**41.7%**	**35.9%**

In 2013, 2014 and 2015, our effective tax rate was 29.5%, 41.7% and 35.9%. The fluctuation was primarily the result of the composite of our profit before tax. In 2014 and 2015, as we incurred significant offshore expenses related to external financing from the Pre-IPO Investors at our Company level, the associated fair value losses and expenses incurred cannot be deducted against our profit generated in China, which resulted in a higher effective tax rate. Also, in 2015, we recorded gain from negative goodwill, which was not subject to tax.

The table below sets forth a breakdown of the losses and expenses that cannot be deducted against our profits generated in China for the periods indicated:

	Year Ended December 31,		
	2013	2014	2015
	(in RMB thousands)		
Fair value losses on hybrid instruments	-	170,653	964,230
Net exchange gains associated with the financing from Pre-IPO Investors		(13,761)	(49,248)
Investment income of associate not subject to tax	-	-	(16,215)
Listing expenses	-	-	14,420
Other offshore expenses	-	14,389	9,496
Net offshore expenses/losses	**-**	**171,281**	**922,683**
Tax effect	**-**	**42,645**	**230,509**

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there are no matters in dispute or unresolved with the relevant tax authorities.

TAXATION

Under the current laws of the Cayman Islands, we are not subject to income tax or capital gains tax in the Cayman Islands. Additionally, dividend payments made by us are not subject to withholding tax in the Cayman Islands.

We are subject to Hong Kong profits tax at a rate of 16.5% on estimated assessable profit for the Track Record Period. No provision has been made for Hong Kong profits tax as we did not earn income subject to Hong Kong profits tax in 2013, 2014 and 2015. There is no withholding tax on the dividends distributed from our Hong Kong subsidiary.

Under the EIT Law and EIT Rule, our PRC subsidiaries are subject to the statutory EIT rate of 25% during the Track Record Period. Further, a 10% withholding income tax is generally imposed on the assessable profits earned by foreign investors from the foreign investment enterprises established in PRC from September 16, 2008 onwards.

NON-IFRSs MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use core net profit and adjusted EBITDA as additional financial measures. We present these financial measures because they are used by our management to evaluate our operating performance. We also believe that these financial measures provide useful information to investors and others in understanding and evaluating our consolidated results of operation in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

Core Net Profit

We define our core net profit as our profit for the year attribute to the owners of the Company, eliminating the effect of certain non-recurring or non-core items such as interest income on bank deposits, net exchange losses/gains, listing expenses, pre-IPO private placement commission fee, other one-off transaction expenses, other income and other tax impact, some of which may recur in the future, and further adjusted for certain non-cash items, including fair value gains on investment properties – net, fair value losses on hybrid instrument – net and other gains/(losses) – net, share of profit of investments accounted for using the equity method and tax impact on fair value changes. The use of core net profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the year attribute to the owners of the Company. Our presentation of this non-IFRSs measure should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Our core net profit decreased from RMB11.2 million in 2013 to RMB6.4 million in 2014 despite the growth in our revenue, primarily due to the operating expenses we incurred in connection with the expansion of our operating platform. Our core net profit increased from RMB6.4 million in 2014 to RMB43.7 million in 2015, primarily due to strong revenue growth as a result of our nationwide expansion as well as economies of scale we achieved in our expansion process.

As a percentage of our revenue, our core net profit decreased from 22.8% in 2013 to 9.5% in 2014, as the increase in our operating expenses outpaced the growth of our revenue. This is primarily because we expanded our operating platform in 2014 in anticipation of our nationwide expansion. In 2015, our core net profit as a percentage of our revenue increased to 26.8% primarily as a result of strong revenue growth as well as economies of scale from the growth of the scale of our operations.

Adjusted EBITDA

Adjusted EBITDA, as we present it, represents our profit for the year attribute to owner of the Company, adding back our interest expense on borrowings, net exchange losses, income tax expense, land use rights amortization, listing expenses, depreciation charge, pre-IPO private placement commission fee and other one-off transaction expenses, further adjusted to deduct our other income, fair value gains on investment properties – net, fair value losses on hybrid instruments – net and other gains/(losses) – net, interest income on bank deposits, net exchange gains and share of profit of investments accounted for using the equity method. The use of adjusted EBITDA has certain limitations because it does not reflect all items of income and expenses that affect our operations. Items excluded from adjusted EBITDA are significant components in understanding and assessing our operating and financial performance. Amortization, fair value gains on investment properties – net, other gains/(losses) – net and depreciation charge have been and may continue to be incurred in our business and not reflected in the presentation of adjusted EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, adjusted EBITDA does not consider changes in working capital, capital expenditures and other investing expenditures and should not be considered as a measure of our liquidity. The term adjusted EBITDA is not defined under IFRSs, and adjusted EBITDA is not a measure of profit and total comprehensive income or liquidity presented in accordance with IFRSs.

During the Track Record Period, our adjusted EBITDA continued to increase, primarily as a result of the continuous increase in our revenue, partially offset by the increase in our cost of sales and various operating expenses as a result of the growth of the scale of our operations.

As a percentage of our revenue, our adjusted EBITDA decreased from 30.0% in 2013 to 26.8% in 2014, as the increase in our operating expenses outpaced the growth of our revenue. This is primarily because we expanded our operating platform in 2014 in anticipation of our nationwide expansion. In 2015, our adjusted EBITDA as a percentage of our revenue increased to 38.8% primarily as a result of strong revenue growth as well as economies of scale from the growth of the scale of our operations.

Reconciliation

We compensate for the limitations of the non-IFRSs measures by reconciling the non-IFRS financial measures to the nearest IFRSs performance measure, all of which should be considered when evaluating our performance. The following tables reconcile our core net profit and adjusted EBITDA in the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs, which are profit for the year attribute to the owners of the Company and operating profit, respectively:

	Year Ended December 31,		
	2013	**2014**	**2015**
	(in RMB thousands)		
Profit for the year attribute to the owner of the Company	**233,771**	**147,843**	**1,205,365**
Less:			
Government grants	(5,253)	(19,113)	(125,843)
Fair value gains on investment properties – net	(321,022)	(421,162)	(2,669,987)
Tax impact of government grants and fair value gains on investment properties – net	87,455	120,126	732,506
Net profit excluding government grants and fair value gains on investment properties – net	**(5,049)**	**(172,306)**	**(857,959)**
Add:			
Fair value losses on hybrid instruments – net	11,906	210,223	1,155,561
Tax impact of fair value losses on hybrid instruments – net	(2,976)	(9,893)	(47,832)
Net profit excluding government grants, fair value gains on investment properties – net and fair value losses on hybrid instrument – net	**3,881**	**28,024**	**249,770**
Less:			
Other income – others	(108)	(7,001)	–
Other gains/(losses) – net	(3,652)	603	(171,841)
Interest income on bank deposits	(3,050)	(16,467)	(11,518)
Net exchange gains	–	(12,108)	(36,016)
Share of profit of investments accounted for using the equity method	(8,570)	–	(16,215)
Add:			
Listing expenses	–	760	17,554
Pre-IPO private placement commission fee	–	11,014	7,440
Other one-off transaction expenses	–	–	5,137
Net exchange losses	3,231	–	–
Other tax impact	19,425	1,600	(634)
Core net profit	**11,157**	**6,425**	**43,677**

	Year Ended December 31,		
	2013	2014	2015
	(in RMB thousands)		
Profit for the year attribute to the owners of the Company	233,771	147,843	1,205,365
Less:			
Other income	(5,361)	(26,114)	(125,843)
Fair value gains on investment properties – net	(321,022)	(421,162)	(2,669,987)
Fair value losses on hybrid instruments – net	11,906	210,223	1,155,561
Other gains/(losses) – net	(3,652)	603	(171,841)
Interest income on bank deposits	(3,050)	(16,467)	(11,518)
Net exchange gains	-	(12,108)	(36,016)
Share of profit of investments accounted for using the equity method	(8,570)	-	(16,215)
Add:			
Interest expense on borrowings	9,155	17,277	26,913
Net exchange losses	3,231	-	-
Income tax expense	97,825	105,583	675,759
Land use rights amortization	122	122	26
Depreciation charge	364	509	997
Listing expenses	-	760	17,554
Pre-IPO private placement commission fee	-	11,014	7,440
Other one-off transaction expenses	-	-	5,137
Adjusted EBITDA	**14,719**	**18,083**	**63,332**

In light of the foregoing limitations for non-IFRS measures, when assessing our operating and financial performance, you should not consider core net profit and adjusted EBITDA in isolation, as a substitute for or superior to, our profit for the year attribute to the owners of the Company, our operating profit for the period or any other operating performance measure that is calculated in accordance with IFRS. In addition, because these measures may not be calculated in the same manner by all companies, they may not be comparable to other similar titled measures used by other companies. Our presentation of non-IFRS measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

RESULTS OF OPERATIONS

Year Ended December 31, 2014 Compared to Year Ended December 31, 2015

Revenue. Our revenue increased by 141.6% from RMB67.6 million in 2014 to RMB163.2 million in 2015, primarily due to (i) an increase in the number of our logistics parks in operation from six as of December 31, 2014 to 12 as of December 31, 2015, and therefore our GFA in operation increased from 381,559 sq.m. as of December 31, 2014 to 968,304 sq.m. as of December 31, 2015, as part of our nationwide expansion plan; and (ii) an overall increase in the levels of rent and management fee for our logistics parks in operation and therefore our weighted average contracted rent increased from RMB0.75 per square meter per day in 2014 and to RMB0.87 per square meter per day in 2015, which was generally in line with the market trends in the cities we operate. In particular, we commenced the operations of our Suzhou Yupei Logistics Park, Wuhu Yupei Logistics Park, Zhengzhou Yupei Logistics Park and Changchun Yupei Logistics Park and acquired Suzhou Yuqing Logistics Park and Zhengzhou Yupei Huazhengdao Logistics Park in 2015, to capture the rapid growth in the demand for premium logistics facilities in China.

Cost of sales. Our cost of sales increased by 169.3% from RMB21.3 million in 2014 to RMB57.3 million in 2015, primarily as a result of an increase in the scale of our operations, including the number and accordingly leased GFA of our logistics parks in operation. As a percentage of our revenue, our cost of sales increased from 31.5% in 2014 to 35.1% in 2015, since the substantial increases in our property and land related taxes and other costs incurred in 2015 outpaced our revenue growth during the same period, primarily as some of our new logistics parks which launched their businesses in the second half of 2015 have not been leased up.

Gross profit. As a result of the foregoing, our gross profit increased by 128.9% from RMB46.3 million in 2014 to RMB106.0 million in 2015 and our gross profit margin decreased from 68.5% in 2014 to 64.9% in 2015.

Selling and marketing expenses. Our selling and marketing expenses increased by 78.8% from RMB8.0 million in 2014 to RMB14.3 million in 2015, primarily as a result of an expansion of our in-house sales and marketing team to promote our new logistics parks launched in 2015. As a percentage of our revenue, our selling and marketing expenses decreased from 11.8% in 2014 to 8.8% in 2015. The decrease was primarily due to economies of scale from our growing operation scale and the increase of our operational efficiency.

Administrative expenses. Our administrative expenses increased by 82.4% from RMB32.6 million in 2014 to RMB59.5 million in 2015, primarily as a result of:

- a one-off pre-IPO private placement commission fee of RMB7.4 million incurred in connection with our pre-IPO financing efforts in 2014;

- a 30.3% increase in tax charges from RMB1.7 million in 2014 to RMB2.2 million in 2015, primarily due to land related taxes in connection with newly developed logistics parks;

- a 526.4% increase in professional fees from RMB1.7 million in 2014 to RMB10.7 million in 2015, primarily due to an increase in fees paid to professional parties in connection with various consultation services we received in our business acquisitions in 2015;

- a significant increase in listing expenses from RMB0.8 million in 2014 to RMB17.6 million in 2015; and

- a 89.6% increase in employee benefit expenses from RMB4.6 million in 2014 to RMB8.7 million in 2015, primarily due to an increase in the headcount for our management and administrative staff to accommodate the growth in number of our logistics parks under development and land held for future development.

As a percentage of our revenue, our administrative expenses decreased from 48.3% in 2014 to 36.4% in 2015. The decrease was primarily due to economies of scale from our growing operation scale and the increase of our operational efficiency, which more than offset the effect from certain non-recurring expenses we incurred in connection with our pre-IPO private placement and the Global Offering.

Other income. Our other income increased by 381.9% from RMB26.1 million in 2014 to RMB125.8 million in 2015, primarily as a result of one-off government grants received, which were based on definitive investment agreements we entered into with the relevant local authorities for certain of our logistics parks and were non-recurring in nature. As a percentage of our revenue, our other income increased from 38.7% in 2014 to 77.1% in 2015.

Fair value gains on investment properties – net. Our net fair value gains on investment properties increased significantly from RMB421.2 million in 2014 to RMB2,670.0 million in 2015, primarily as a result of (i) the cumulative increase in the number of logistics parks in operation from four as of January 1, 2014 to six as of December 31, 2014 and to 12 as of December 31, 2015; (ii) the cumulative increase in the number of logistics parks under development from three as of January 1, 2014 to four as of December 31, 2014 and to 12 as of December 31, 2015; (iii) the number of properties acquired during the period that might experience fair value gain (being the difference between the fair value of these properties at the time of acquisition and the fair value as of the end of a period) prior to the end of the period (in 2015, we acquired two completed logistics parks while we did not acquire any completed logistics parks in 2014); and (iv) the increase in rental rate due to the major supply and demand imbalance in the premium logistics facilities industry in the PRC as highlighted in the DTZ C&W Report.

Fair value losses on hybrid instruments – net. Our net fair value losses on hybrid instruments increased significantly from RMB210.2 million in 2014 to RMB1,155.6 million in 2015, which was due to (i) an increase in the balance of our hybrid instruments from RMB1,933.5 million as of December 31, 2014 to RMB5,790.5 million as of December 31, 2015 as a result of the 2015 Convertible Notes we issued and the 2015 Loans we incurred; and (ii) an increase in the overall valuation of our Group.

Other (losses)/gains – net. We recorded other losses of RMB0.6 million in 2014 and other gains of RMB171.8 million in 2015, primarily due to the negative good will that we recorded in 2015 arising from our acquisitions of Suzhou Yuqing Logistics Park and Zhengzhou Yupei Huazhengdao Logistics Park, as the cost of acquisitions was less than the fair value of these targets based on purchase price allocation valuation performed by an independent valuer.

Operating profit. As a result of the foregoing, our operating profit increased by 661.7% from RMB242.1 million in 2014 to RMB1,844.3 million in 2015. As a percentage of our revenue, our operating profit increased from 358.4% in 2014 to 1,129.8% in 2015.

Finance income. Our finance income increased by 66.3% from RMB28.6 million in 2014 to RMB47.5 million in 2015, primarily as a result of net exchange gains in connection with the proceeds from the issuance of hybrid instruments to our Pre-IPO Investors.

Finance expenses. Our finance expenses increased by 55.8% from RMB17.3 million in 2014 to RMB26.9 million in 2015, primarily as a result of the increase of our borrowings to support our business growth.

Income tax expense. Our income tax expense increased by 540.0% from RMB105.6 million in 2014 to RMB675.8 million in 2015, primarily as a result of the increase in our taxable income. Our effective tax rate, calculated by dividing our income tax expense by our profit before income tax, decreased from 41.7% in 2014 to 35.9% in 2015, primarily as our taxable profit in China outgrew the offshore expenses that could not be deducted against our profit generated in China, including fair value losses on hybrid instruments of RMB964.2 million, listing expenses of RMB14.4 million and other offshore expenses of RMB9.5 million as well as a non-taxable negative goodwill we recorded in 2015.

Profit for the year attribute to the owners of the Company. As a result of the foregoing, our profit for the year attribute to the owners of the Company increased by 715.3% from RMB147.8 million in 2014 to RMB1,205.4 million in 2015. Our net profit margin increased from 218.8% in 2014 to 738.4% in 2015.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2014

Revenue. Our revenue increased by 37.8% from RMB49.0 million in 2013 to RMB67.6 million in 2014, primarily due to (i) an increase in the number of our logistics parks in operation from four as of December 31, 2013 to six as of December 31, 2014, and therefore our GFA in operation increased from 223,534 sq.m. as of December 31, 2013 to 381,559 sq.m. as of December 31, 2014 as part of our nationwide expansion plan; and (ii) an overall increase in the levels of rent and management fee for our logistics parks in operation and therefore our weighted average contracted rent increased from RMB0.73 per square meter per day in 2013 and to RMB0.75 per square meter per day in 2014, which was generally in line with the market trends in the cities we operate. In particular, we commenced the operations of our Yupei Wuhan Logistics Park and Beijing Yupei Linhaitan Logistics Park in 2014, to capture the rapid growth in the demand for premium logistics facilities in China.

Cost of sales. Our cost of sales increased by 31.3% from RMB16.2 million in 2013 to RMB21.3 million in 2014, primarily as a result of an increase in the scale of our operations, including the number and accordingly leased GFA of our logistics parks in operation. As a percentage of our revenue, our cost of sales decreased from 33.0% in 2013 to 31.5% in 2014, which was primarily attributable to improvement in economies of scale from our growing operation scale.

Gross profit. As a result of the foregoing, our gross profit increased by 41.0% from RMB32.8 million to RMB46.3 million in 2014 and our gross profit margin increased from 67.0% in 2013 to 68.5% in 2014.

Selling and marketing expenses. Our selling and marketing expenses increased by 90.7% from RMB4.2 million in 2013 to RMB8.0 million in 2014, primarily as a result of an expansion of our in-house sales and marketing team to promote our new logistics parks launched in 2014. As a percentage of our revenue, our selling and marketing expenses increased from 8.6% in 2013 to 11.8% in 2014 accordingly.

Administrative expenses. Our administrative expenses increased by 126.6% from RMB14.4 million in 2013 to RMB32.6 million in 2014, primarily as a result of:

- a one-off pre-IPO private placement commission fee of RMB11.0 million incurred in connection with our pre-IPO financing efforts in 2014, and was non-recurring in nature; and

- a 83.4% increase in the sum of travelling expenses and leasing fees from 2013 to 2014, primarily due to the increase in number of our logistics parks under development and land held for future development in 2014, which required office expansion as well as business travels of our management and administrative personnel.

As a percentage of our revenue, our administrative expenses increased from 29.4% in 2013 to 48.3% in 2014 primarily as a result of the non-recurring pre-IPO private placement commission fee we incurred in 2014.

Other income. Our other income increased by 387.1% from RMB5.4 million in 2013 to RMB26.1 million in 2014, primarily as a result of a one-off compensation income of RMB7.0 million that we received from a counterparty due to their default on cooperation arrangement with us, and an increase in one-off government grants received, which were based on definitive investment agreements we entered into with the relevant local authorities for certain of our logistics park projects and were non-recurring in nature. As a percentage of our revenue, our other income increased from 10.9% in 2013 to 38.7% in 2014.

Fair value gains on investment properties – net. Our net fair value gains on investment properties increased 31.2% from RMB321.0 million in 2013 to RMB421.2 million in 2014, primarily as a result of (i) the cumulative increase in the number of logistics parks in operation during and prior to the beginning of 2014; (ii) the cumulative increase in the number of logistics parks under development; and (iii) the increase in occupancy rate and rental rate due to the major supply and demand imbalance in the premium logistics facilities industry in China as highlighted in the DTZ C&W Report.

Fair value losses on hybrid instruments – net. Our net fair value losses on hybrid instruments increased significantly from RMB11.9 million in 2013 to RMB210.2 million in 2014, which was due to (i) an increase in the balance of our hybrid instruments from RMB279.9 million as of December 31, 2013 to RMB1,933.5 million as of December 31, 2014 as a result of the issuance of the 2014 Convertible Notes; and (ii) an increase in the overall valuation of our Group.

Other gains/(losses) – net. We recorded other gains of RMB3.7 million in 2013 and other losses of RMB0.6 million in 2014, primarily as we recorded a net gain on disposal of associate of RMB4.5 million in 2013.

Operating profit. As a result of the foregoing, our operating profit decreased by 27.1% from RMB332.4 million in 2013 to RMB242.1 million in 2014. As a percentage of our revenue, our operating profit decreased from 678.1% in 2013 to 358.4% in 2014.

Finance income. Our finance income increased by 836.9% from RMB3.1 million in 2013 to RMB28.6 million in 2014, primarily as a result of the interest income and the net exchange gains in connection with the proceeds from the issuance of hybrid instruments to our Pre-IPO Investor. As a percentage of our revenue, our finance income increased from 6.2% in 2013 to 42.3% in 2014.

Finance expenses. Our finance expenses increased by 39.5% from RMB12.4 million in 2013 to RMB17.3 million in 2014, primarily as a result of the increase of our borrowings to support our business growth. As a percentage of our revenue, our finance expenses increased from 25.3% in 2013 to 25.6% in 2014.

Income tax expense. Our income tax expense increased by 7.9% from RMB97.8 million in 2013 to RMB105.6 million in 2014, primarily as a result of the increase in our taxable income. Our effective tax rate, calculated by dividing our income tax expense by our profit before income tax, increased from 29.5% in 2013 to 41.7% in 2014, primarily as a result of a significant increase in offshore expenses that could not be deducted against our profit generated in China, including fair value losses on hybrid instruments of RMB170.7 million and other offshore expenses of RMB14.4 million.

Profit for the year attribute to the owners of the Company. As a result of the foregoing, our profit for the year attribute to the owners of the Company decreased by 36.8% from RMB233.8 million in 2013 to RMB147.8 million in 2014. Our net profit margin decreased from 476.9% in 2013 to 218.8% in 2014.

ANALYSIS OF SELECTED FINANCIAL POSITION ITEMS

Investment Properties

Investment properties are interests in leasehold land and buildings held to earn long-term rental income and/or for capital appreciation, which includes completed properties and properties that are being developed or held for future use as investment properties. All our logistics facilities are accounted for as investment properties and are recorded as non-current assets in our consolidated balance sheet at fair value as of each balance sheet date as determined by independent valuations. We had investment properties of RMB1,672.0 million, RMB3,090.0 million and RMB9,709.0 million as of December 31, 2013, 2014 and 2015, respectively. Our investment properties are all situated in the PRC and are used primarily for leases for three to five years. Colliers, an independent professional property valuer, has performed independent valuation of our investment properties to determine the fair value of our investment properties at the end of the respective periods.

The fair values of our investment properties were determined on the basis of capitalization of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the properties and by reference to comparable market rental transactions. For completed properties, the valuation was determined primarily using DCF method, and Term and Reversion approach with projections based on significant unobservable inputs. Meanwhile, for the properties that are under development as of the valuation dates, the outstanding costs to complete the properties in accordance with the underlying design scheme have been considered. The unobservable inputs include future rental cash inflows, discount rates, estimated vacancy rates, capitalization rates, terminal value and outstanding cost to complete (in the case of investment properties under development).

The following table sets forth the changes in the fair value of our different categories of investment properties as of the dates or for the periods indicated.

		Capital Expenditure			Fair Value Gain		
	Fair Value at beginning of the year	Business Combination	Addition	Impact from reclassification of category	Addition	Impact from reclassification of category	Fair Value at end of the year
	(in RMB thousands)						
2013							
Completed logistics facilities	649,000	–	1,497	14,577	42,503	128,423	836,000
Logistics facilities under development	327,000	–	373,481	(14,577)	278,519	(128,423)	836,000
Land held for future development	–	–	–	–	–	–	–
Total	**976,000**	**–**	**374,978**	**–**	**321,022**	**–**	**1,672,000**
2014							
Completed logistics facilities	836,000	–	195	92,401	48,805	780,599	1,758,000
Logistics facilities under development	836,000	–	983,993	(92,401)	362,007	(780,599)	1,309,000
Land held for future development	–	–	12,650	–	10,350	–	23,000
Total	**1,672,000**	**–**	**996,838**	**–**	**421,162**	**–**	**3,090,000**
2015							
Completed logistics facilities	1,758,000	875,000	–	339,508	257,117	1,480,375	4,710,000
Logistics facilities under development	1,309,000	–	2,020,925	(266,718)	1,416,958	(1,378,165)	3,102,000
Land held for future development	23,000	–	1,053,088	(72,790)	995,912	(102,210)	1,897,000
Total	**3,090,000**	**875,000**	**3,074,013**	**–**	**2,669,987**	**–**	**9,709,000**

All the expenditure on the acquisition, development and improvement of our investment properties will be capitalized and result in increase in the total value of our investment properties. During the Track Record Period, we made considerable amount of capital expenditure for the development and construction of logistics park projects. In 2013, 2014 and 2015, we capitalized these expenditure of RMB373.5 million, RMB996.6 million and RMB3,074.0 million, respectively. In 2015, the acquisition of Suzhou Yuqing Logistics Park and Zhengzhou Yupei Huazhengdao Logistics Park resulted in an increase of RMB875.0 million in the fair value of our investment properties. From 2014 to 2015, the increase in fair value of our investment properties significantly outpaced the increase in our capitalized capital expenditure in relation to our investment properties. This is primarily because the fair value gains are affected by not only the capitalized expenditure spent during a financial period, but also (i) the cumulative increase in the number of logistics parks in operation from four as of January 1, 2014 to six as of December 31, 2014 and to 12 as of December 31, 2015; (ii) the cumulative increase in the number of logistics parks under development from three as of January 1, 2014 to four as of December 31, 2014 and to 12 as of December 31, 2015; (iii) the number of properties acquired during the period that might experience fair value gains (being the difference between the fair value of these properties at the time of acquisition and the fair value as of the end of a period) prior to the end of the period (in 2015, we acquired two completed logistics parks while we did not acquire any completed logistics parks in 2014); and (iv) the increase in rental rate due to the major supply and demand imbalance in the premium logistics facilities industry in the PRC as highlighted in the DTZ C&W Report. See "Factors affecting our results of operations—Changes in the fair value of our investment properties" and "—Principal components of consolidated statements of comprehensive income—Fair value gains on investment properties—net" for details on net gains from fair value adjustment on our investment properties.

The increase in the fair value of our investment properties throughout the Track Record Period was due to the increases in number and fair values of our investment properties under development and our completed investment properties and land held for future development. See Note 7 to the Accountant's Report set forth in Appendix I to this prospectus and the Property Valuation set forth in Appendix III to this prospectus for more information.

Long-Term Trade Receivables

Our rental income from investment property is recognized on a straight-line basis over the term of the lease. However, as the rent per square meter typically increase gradually over the term of our leases, there will always be a difference between the revenue we recognized on a straight-line basis and the amount of rent we actually received. Such differences were accounted for as our long-term trade receivables. Our long-term trade receivables remained relatively stable and were RMB6.3 million as of December 31, 2013 and RMB6.0 million as of December 31, 2014, respectively. Our long-term trade receivables increased by 162.0% from RMB6.0 million as of December 31, 2014 to RMB15.6 million as of December 31, 2015, was primarily attributable to the increase in number of our logistics parks in operation in 2015.

Other Long-Term Prepayments

Our other long-term prepayments represent prepayment for land use rights and prepayment for construction. Prepayment for land use rights relate to land acquisition for property development then for lease purposes, of which the ownership certificates have not been obtained yet and not yet started construction as of the respective dates indicated. Prepayment for construction relate to prepayment to construction contractors for property development. Our other long-term prepayments increased by 130.3% from RMB118.4 million as of December 31, 2013 to RMB272.5 million as of December 31, 2014, primarily attribute to our strengthened construction and land acquisition efforts to grow our business. Our other long-term prepayments decreased by 55.0% from RMB272.5 million as of December 31, 2014 to RMB122.7 million as of December 31, 2015, primarily attribute to the decrease in prepayment for land use rights from RMB146.0 million as of December 31, 2014 to nil as of December 31, 2015.

Trade and Other Receivables

Our trade and other receivables primarily comprise rental income receivables, other receivables for land use rights deposits and other deposits and other receivables due from third parties and related parties. Our trade and other receivables increased from RMB45.7 million as of December 31, 2013 to RMB94.3 million as of December 31, 2014, primarily due to an increase in tender deposits prepaid to local land authorities for the land acquisition of our planned logistics park projects and the construction deposits prepaid to our contractors, which was in line with our business expansion. Our trade and other receivables decreased from RMB94.3 million as of December 31, 2014 to RMB79.6 million as of December 31, 2015, primarily due to the decreases in tender deposits prepaid to local land authorities for the land acquisition of our planned logistics park projects and other receivables due from related parties, partially offset by an increase in rental income receivables which was in line with our business expansion.

The following table sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Trade receivables:			
Rental income receivables	612	693	9,816
Other receivables:			
Other receivables for land use rights deposits and other deposits	2,318	81,512	67,223
Other receivables due from third parties	2,197	664	2,117
Other receivables due from related parties	40,594	11,441	419
	45,109	93,617	69,759
Total trade and other receivables	**45,721**	**94,310**	**79,575**

Our trade receivables increased slightly from RMB0.6 million as of December 31, 2013 to RMB0.7 million as of December 31, 2014. Our trade receivables increased significantly from RMB0.7 million as of December 31, 2014 to RMB9.8 million as of December 31, 2015 as a result of the increases in leased logistics facilities and the number of tenants, which were in line with our business expansion. As of April 30, 2016, we had collected all of the RMB9.8 million trade receivables outstanding as of December 31, 2015.

The following table sets out the aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Trade receivables			
Up to 30 days	547	641	8,084
31 to 90 days	65	52	1,672
91 to 365 days	—	—	60
Up to one year	612	693	9,816

As of December 31, 2013, 2014 and 2015, all our trade receivables were past due but not impaired. These trade receivables relate to a number of third-party customers for whom there is no significant financial difficulty and based on our past experience, the overdue amounts are considered recoverable. The aging analysis of these trade receivables is as follows:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Trade receivables			
Past due – within 90 days	612	693	9,756
– from 91 to 365 days	—	—	60
	612	693	9,816

We typically do not extend credit to our tenants for their payment of rents and management fees. We seek to maintain strict control over our outstanding trade and other receivables. Overdue balances are reviewed by the management on a monthly basis. We do not hold any collateral over these balances.

Other receivables due from related parties arise mainly from lendings and are unsecured and non-interest-bearing and have no fixed repayment terms. Our Directors confirm that the transactions with respect to other receivables due from related parties were conducted on an arm's length basis, and would not distort our track record results or make the historical results not reflective of our future performance, and the outstanding balances due from related parties will be fully settled before the Listing.

Trade and Other Payables

Our trade and other payables primarily comprise construction costs payable to third party contractors, amounts due to related parties, land grant premium payable to local governments and other miscellaneous payables. Our suppliers typically do not grant us credit period for our payment of construction costs and other expenses.

The following table sets forth our trade and other payables as of the dates indicated:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Payables for constructions	73,005	89,597	424,631
Notes payable	–	50,000	–
Payable for land use rights	–	78,900	–
Payable for pre-IPO private placement commission fee	–	11,014	–
Listing expenses payable	–	525	17,458
Employee benefit payables	872	743	1,800
Other taxes payable	2,651	5,602	9,769
Deposit	1,524	869	7,034
Accrued operating expenses	488	1,230	1,975
Advances from customers	1,075	6,322	12,268
Interest payable	927	1,544	2,467
Consideration payable for business combination	–	–	373
Amounts due to related parties	528,168	903,391	12,300
Others	11,305	7,221	2,566
Total trade and other payables	**620,015**	**1,156,958**	**492,641**

As of December 2013, 2014 and 2015, our aging analysis of our payables for constructions was as follows:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Within one year	59,906	89,181	422,098
One to two years	13,099	125	2,221
Over two years	–	291	312
Total	**73,005**	**89,597**	**424,631**

The payables for constructions constituted a substantial portion of our trade and other payables and experienced a continuous growth during the Track Record Period, which was in line with our business expansion. The construction agreements we entered into with our contractors normally require payments based on construction progress. Following governmental inspection and approval of the completion of a construction project, an aggregate payment up to 95% of the total contract amount of the completed construction can be paid to the contractor. The remaining payment is withheld as a retention to cover any compensation or any repairing work required from the contractor as a result of any construction defects or poor quality, and is normally paid, to the contractor after 12 months from the date of governmental inspection and approval. Therefore, in respect of construction contracts already completed at the end of each reporting period, the amount of retention payables to our contractors (included as trade payables) are expected to be recovered in accordance with the terms of the respective construction agreements. Also, we carry out internal review and other procedures after our receipt of invoice from our suppliers or contractors before we proceed to make the payment.

The amounts due to related parties represent payments in connection with our Reorganization and the advances due to related parties. As of December 31, 2014, advances of RMB200.0 million and RMB100.0 million, respectively, were secured by the bank deposits of RMB490.6 million. The advances bear fixed interest and were repaid on April 1, 2015 and April 6, 2015, respectively. These advances were used for our working capital. As of December 31, 2015, we had outstanding advance of RMB12.3 million due to Shanghai Hongyu Logistics Co., Ltd. The advance is interest free. Other payables bear no interest and are repayable on demand. Our Directors confirm that the transactions with respect to the amounts due to related parties were conducted on an arm's length basis, and would not distort our track record results or make the historical results not reflective of our future performance, and the outstanding balances due to related parties will be fully settled before the Listing.

LIQUIDITY AND CAPITAL RESOURCES

Overview

To date, we have financed our operations primarily through cash from our operations, bank borrowings, issuance of hybrid instruments to our Pre-IPO Investors. As of December 31, 2015, we had RMB820.8 million in cash and cash equivalents, 83.9%, 15.8% and 0.3% of which were denominated in Renminbi, U.S. Dollars and Hong Kong Dollars, respectively. Our cash and cash equivalents primarily consist of cash at bank and on hand.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,		
	2013	2014	2015
	(in RMB thousands)		
Net cash generated from operating activities	22,583	49,259	35,495
Net cash used in investing activities	(226,566)	(1,624,796)	(3,114,160)
Net cash generated from financing activities	291,460	2,149,485	3,213,895
Net increase in cash and cash equivalents	**87,477**	**573,948**	**135,230**
Cash and cash equivalents at beginning of year	17,188	104,665	678,428
Exchange (losses) / gains on cash and cash equivalents	–	(185)	7,115
Cash and cash equivalents at end of year	**104,665**	**678,428**	**820,773**

Operating Activities

Net cash generated from operating activities in 2015 was RMB35.5 million, which was primarily attributable to our profit before income tax of RMB1,881.1 million, adjusted to add back the non-cash fair value losses for our hybrid instruments of RMB1,155.6 million associated with the change in fair value of our convertible notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares and deduct (i) the fair value gains on investment properties of RMB2,670.0 million; (ii) negative goodwill of RMB171.6 million in connection with the acquisitions of Zhengzhou Yupei Huazhengdao Logistics Park and Suzhou Yuqing Logistics Park; (iii) government grants of RMB121.0 million; and (iv) share of result of our associate of RMB16.2 million. The amount was further-adjusted by changes in itemized balances that have a negative effect on cashflow, including (i) an increase in trade and other receivables of

RMB25.4 million which was in line with our business expansion in 2015; and (ii) a decrease in trade and other payables of RMB26.6 million that were related to our operating activities.

Net cash generated from operating activities in 2014 was RMB49.3 million, which was primarily attributable to our profit before income tax of RMB253.4 million, adjusted to add back the non-cash fair value losses for our hybrid instruments of RMB210.2 million associated with the change in fair value of our convertible notes and redeemable convertible deemed preferred shares and deduct (i) the fair value gains on our investment properties of RMB421.2 million; and (ii) government grants of RMB18.7 million. The amount was further-adjusted by changes in itemized balances that have a negative effect on cashflow, including (i) repayment of rent of our office building due to our related party of RMB1.2 million; and (ii) an increase in trade and other receivables of RMB0.5 million which was in line with our business expansion in 2014, as well as certain changes in itemized balances that have a positive effect on cashflow, including an increase in trade and other payables of RMB18.1 million that were related to our operating activities.

Net cash generated from operating activities in 2013 was RMB22.6 million, which was primarily attributable to our profit before income tax of RMB331.6 million, adjusted to add back the non-cash fair value losses for our hybrid instruments associated with the change in fair value of our redeemable convertible deemed preferred shares of RMB11.9 million and deduct (i) the fair value gains on investment properties of RMB321.0 million; (ii) share of result of our associates of RMB8.6 million; and (iii) government grants of RMB3.4 million. The amount was further-adjusted by changes in itemized balances that have a negative effect on cashflow, including an increase in trade and other receivables of RMB1.8 million which was in line with our business growth in 2013, as well as certain changes in itemized balances that have a positive effect on cashflow, including (i) an increase in trade and other payables of RMB10.1 million that were related to our operating activities; and (ii) rent for our office building due to our related parties of RMB1.2 million.

Investing Activities

Net cash used in investing activities in 2015 was RMB3,114.2 million, primarily attributable to (i) payment for the development and acquisition of investment properties which amounted to RMB2,586.0 million, reflecting our nationwide business expansion; (ii) payment for the acquisition of Suzhou Yuqing Logistics Park (including transaction costs) of RMB539.7 million; and (iii) payment of consideration of equity transfer of Shanghai Yupei to Shanghai Yupei Industrial of RMB477.0 million in connection with our Reorganization. The amount was further adjusted to reflect (i) the release of restricted cash of RMB540.7 million as collateral for certain advances from related parties and bank notes payable that have been repaid; (ii) the repayment of advances we made to our related parties of RMB127.0 million in our ordinary course of business; and (iii) the receipt of government grants of RMB121.0 million.

Net cash used in investing activities in 2014 was RMB1,624.8 million, primarily attributable to (i) payment for the development and acquisition of investment properties of RMB1,065.4 million, reflecting our continued nationwide business expansion; and (ii) increase in restricted cash of RMB540.6 million to secure certain advances from related parties and certain bank notes payable for our project construction and held by bank as collateral, partially offset by the repayment of advances we made to our related parties of RMB235.8 million in our ordinary course of business.

Net cash used in investing activities in 2013 was RMB226.6 million, primarily attributable to (i) payment for the development and acquisition of investment properties of RMB381.9 million, reflecting our nationwide business expansion; and (ii) advances made to related parties of RMB382.4 million, partially offset by (i) the repayment of advances we made to our related parties of RMB374.9 million; and (ii) proceeds from disposal of interests in two of our associates of RMB146.6 million.

During the Track Record Period, we made certain advances to our related parties for working capital purpose. We will settle all the amounts before Listing.

Financing Activities

Net cash generated from financing activities in 2015 was RMB3,213.9 million, primarily attributable to (i) the increase in proceeds from our hybrid instruments of RMB2,890.1 million; (ii) proceeds of RMB1,735.0 million we received from borrowings; and (iii) advances we received from related parties of RMB963.2 million. The amount was further adjusted to deduct (i) the prepayment of advances we received from related parties of RMB1,327.2 million; (ii) repayments of borrowings of RMB899.8 million; (iii) payment of interest of borrowings of RMB79.8 million and (iv) payment of interest on hybrid instruments of RMB49.0 million.

Net cash generated from financing activities in 2014 was RMB2,149.5 million, primarily attributable to (i) the increase in proceeds from our hybrid instruments of RMB1,443.4 million; (ii) advances we received from related parties of RMB646.2 million; (iii) proceeds we received from borrowings of RMB382.3 million, partially offset by (i) repayment of advances we received from related parties of RMB269.8 million; (ii) our repayments of borrowing of RMB66.8 million and (iii) payment of interest of borrowings of RMB36.0 million.

Net cash generated from financing activities in 2013 was RMB291.5 million, primarily attributable to (i) proceeds we received from borrowings of RMB290.0 million; (ii) the proceeds from the issuance of hybrid instruments of RMB268.0 million; and (iii) advances we received from related parties of RMB122.0 million, offset by (i) repayment of RMB191.9 million of advances from our associates; (ii) repayment of advances we received from related parties of RMB122.0 million; (iii) our repayments of borrowings of RMB39.3 million; and (iv) our payment of interest of borrowings of RMB35.7 million.

During the Track Record Period, we received certain advances from our related parties for working capital purpose. We will settle all the amounts before Listing.

COMMITMENTS

Our commitments comprise capital commitments and operating lease commitments.

Capital Commitments

Set forth below is a breakdown of our capital expenditure we had contracted but not yet provided for as of the dates indicated:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Contracted, but not provided for:			
Investment property	**378,604**	**573,726**	**1,096,083**

The increase in our capital commitments contracted but not provided for investment properties from December 31, 2013 to December 31, 2015 was primarily due to our business expansion.

Operating Lease Commitments

We also lease offices under non-cancellable operating lease agreements. The lease terms are typically between two and five years, and the majority of our lease agreements are renewable at the end of the lease period at market rate. As of December 31, 2015, we had capital commitments for future minimum lease payments under non-cancellable lease agreement of RMB4.0 million. Set forth below summarizes our non-cancellable operating lease commitments as of the dates indicated:

	As of December 31,		
	2013	2014	2015
	(in RMB thousands)		
Operating lease commitments			
No later than one year	2,512	2,280	3,570
Later than one year and no later than five years	4,566	2,304	422
Total	**7,078**	**4,584**	**3,992**

We expect to fund such capital commitments principally from the net proceeds of the Global Offering, banks borrowings and cash generated from our operations.

Other than the contractual obligations set forth above, we do not have any other long-term debt obligations, operating lease commitments, capital commitments or other long-term liabilities.

CAPITAL EXPENDITURES

We made payment for the capital expenditures representing the amount spent on the development of our logistics park projects and the acquisition of land or completed logistics parks and the acquisition of property, plant and equipment of RMB382.2 million, RMB1,067.9 million and RMB3,178.3 million in 2013, 2014 and 2015, respectively. In the past, our capital expenditures were used primarily to procure investment properties and develop and to procure property, plant and equipment for our new logistics park projects. These historical capital expenditures were funded primarily by cash generated from our operating activities, bank borrowings, hybrid instruments and equity investments by our Shareholders. As of December 31, 2013, 2014 and 2015, we had 4, 6 and 12 logistics park projects in operation, respectively.

Under our nationwide expansion plan, we aim to establish 54 additional logistics parks up to the end of 2019. We expect to incur total capital expenditure of RMB2,116 million in 2016 and RMB11,900 million from 2017 to 2019. In particular, we plan to commence construction of 23 logistics park projects with a planned GFA of approximately 2.7 million sq.m. in aggregate at locations include Kunshan, Foshan, Chongqing, Changsha and Xi'an in 2017 and 11 logistics park projects with a planned GFA of approximately 0.9 million sq.m. in aggregate at locations include Tianjin, Changsha and Qingdao in 2018. All of these logistics park projects are expected to be completed before the end of 2019. In 2017, 2018 and 2019, we plan to incur capital expenditure of RMB3,991 million, RMB6,374 million and RMB1,535 million, respectively, for the acquisition of land, construction work and other related purposes. We plan to fund these capital expenditures with (i) our existing cash and cash equivalents; (ii) cash flow generated from our operating activities; (iii) bank borrowings. In particular, as we aim to maintain an LTV ratio of approximately 50% on project level, we believe we will be able to secure bank borrowings equal to approximately 50% of the total development cost of the logistics park projects. During the Track Record Period, our LTV ratio on project level typically ranged between 40% and 58%; (iv) debt offerings. In particular, as we plan to retire all our outstanding hybrid instruments shortly prior to Listing, our gearing ratio will be improved upon Listing and we will be in a better position to offer debt securities; (v) the net proceeds of the Global Offering; and (vi) other sources of external financings, including equity or equity-linked securities as well as investments from limited partners through investment fund structure. See "Business – Growth Strategies", "– Our Expansion Plan" and "Future Plans and Use of Proceeds" for further details about our planned capital expenditure. Such estimate represents the total capital expenditure that we expect to incur in the relevant periods based on our existing business plans. We may adjust our business plans from time to time and the estimated total capital expenditure may also change.

WORKING CAPITAL

The table below sets forth the details of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2013	2014	2015	2016
				(unaudited)
	(in RMB thousands)			
Current Assets				
Trade and other receivables	45,721	94,310	79,575	75,506
Prepayments	1,262	3,569	13,370	15,120
Cash and cash equivalents and restricted cash	105,565	1,219,929	821,573	503,868
Total current assets	**152,548**	**1,317,808**	**914,518**	**594,494**
Current liabilities				
Trade and other payables	620,015	1,156,958	492,641	355,946
Current income tax liabilities	12,170	5,037	18,803	17,001
Borrowings	61,830	42,410	644,691	153,174
Total current liabilities	**694,015**	**1,204,405**	**1,156,135**	**526,121**
Net Current Assets/(Liabilities)	**(541,467)**	**113,403**	**(241,617)**	**68,373**

We recorded net current assets of RMB68.4 million as of April 30, 2016 while we recorded net current liabilities of RMB241.6 million as of December 31, 2015, primarily due to (i) a significant decrease in our current borrowings as a result of repayment; and (ii) a decrease in our trade and other payables as we settled our payment of construction costs payable to our contractors in accordance with the terms of our construction agreements, partially offset by a decrease in our cash and cash equivalent as a result of the repayment of bank loans and capital expenditure in connection with the establishment of new logistics parks, partially offset by the proceeds we received from our long-term bank borrowings.

We recorded net current liabilities of RMB241.6 million as of December 31, 2015 while we recorded net current assets of RMB113.4 million as of December 31, 2014, primarily due to (i) a substantial increase in our short-term bank borrowings in connection with the acquisitions of Suzhou Yuqing Logistics Park and a parcel of land in Shanghai; and (ii) a decrease in our cash and cash equivalents and restricted cash as a result of cash spent on the development of our logistics park projects, partially offset by the proceeds from bank borrowing and issuance of hybrid instruments, partially offset by a substantial decrease in our trade and other payables as we settled our advances due to related parties in connection with our Reorganization.

We recorded net current assets of RMB113.4 million as of December 31, 2014 and net current liabilities of RMB541.5 million as of December 31, 2013, primarily due to (i) an increase in our cash and cash equivalents and restricted cash as a result of the proceeds we received from our bank borrowings and hybrid instruments partially offset by our capital expenditure in connection with the establishment of new logistics parks; and (ii) an increase in trade and other receivables which was in line with our business expansion, partially offset by an increase in our trade and other payables due to related parties we incurred in connection with our Reorganization.

Taking into account the financial resources available to us, including our internally generated funds, our existing facilities, the proposed facilities supported by letters of intent issued by the underlying banks and the estimated net proceeds from the Global Offering, our Directors, after due and careful consideration, confirmed that we have sufficient working capital to meet our anticipated cash needs, including our working capital and capital expenditure requirements for at least the next 12 months from the date of this prospectus. After due consideration and discussion with the Company's management and based on the above, the Joint Sponsors have no reason to believe that the Company cannot meet the working capital requirements for the 12-month period from the date of this prospectus.

Our Directors confirm that we did not have any material default in payment of trade and non-trade payables, bank borrowings and other debt financing obligations and/or breaches of finance covenants during the Track Record Period and up to the Latest Practicable Date.

INDEBTEDNESS

Bank Borrowings

As of April 30, 2016, our total outstanding borrowings amounted to RMB1,735.7 million. Our borrowings during the Track Record Period were denominated in Renminbi and U.S. dollars. The following table sets forth a breakdown of our current and non-current borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2013	**2014**	**2015**	**2016**
				(unaudited)
	(in RMB thousands)			
Non-current borrowings				
Bank borrowings				
- Mortgaged bank borrowings	300,868	635,768	934,385	1,582,507
Current borrowings				
Bank borrowings				
- Mortgaged bank borrowings	41,830	42,410	644,691	153,174
- Guaranteed loan	20,000	–	–	–
Total current borrowings	61,830	42,410	644,691	153,174
Total Borrowings	**362,698**	**678,178**	**1,579,076**	**1,735,681**

Our total outstanding borrowings amounted to RMB362.7 million, RMB678.2 million, RMB1,579.1 million and RMB1,735.7 million, as of December 31, 2013, 2014 and 2015 and April 30, 2016, respectively. The increase in our total borrowings was primarily due to the increase in our construction activities and financing needs resulting from our business expansion.

As of December 31, 2013, 2014 and 2015 and April 30, 2016, most of our bank borrowings bore floating interest rates. The weighted average effective interest rates of our bank borrowings, which represent actual borrowing cost incurred during the period divided by weighted average bank borrowings that were outstanding during the period, for the years ended December 31, 2013, 2014 and 2015 and for the four months ended April 30, 2016, were 6.7%, 6.2%, 5.3% and 6.5%, respectively.

As of April 30, 2016, the date being the Latest Practicable Date for the purpose of the indebtedness statement, we had approximately RMB193.5 million in unutilized banking facilities. As of April 30, 2016, we also had proposed facilities supported by letters of intent from the underlying banks.

As of December 31, 2013, 2014 and 2015, mortgaged bank borrowings of RMB342.7 million, RMB301.2 million and RMB1,303.1 million are secured by our investment properties amounting to RMB1.2 billion, RMB1.4 billion and RMB5.3 billion, respectively. As of December 31, 2014 and 2015, mortgaged bank borrowings of RMB185.5 million and RMB87.6 million are guaranteed by Mr. Li, and secured by our investment properties amounting to RMB484.0 million and RMB304.0 million, respectively. Our Directors confirm that all such personal guarantees made by Mr. Li had been released as of the Latest Practicable Date. As of December 31, 2014 and 2015, mortgaged bank borrowings of RMB191.5 million and RMB188.3 million are secured by our restricted deposits amounting to RMB0.8 million and RMB0.8 million, respectively, and secured by our investment properties amounting to RMB519.0 million and RMB702.0 million, respectively.

The following table sets forth summaries of our current and non-current total borrowings by maturity, as of the dates indicated:

	As of December 31,			As of April 30,
	2013	**2014**	**2015**	**2016**
				(unaudited)
		(in RMB thousands)		
Within 1 year	61,830	42,410	646,604	153,174
Between 1 and 2 years	–	75,422	104,856	217,697
Between 2 and 5 years	13,530	353,938	449,063	774,576
Over 5 years	287,338	206,408	378,553	590,233
Total Borrowings	**362,698**	**678,178**	**1,579,076**	**1,735,681**

We are subject to certain restrictive covenants under our credit facilities with banks. These restrictive covenants include, among other things, limitations on our ability to incur additional indebtedness or create new mortgages or charges, restrictions on the use of proceeds, restrictions on the distribution of dividends and requirements to provide notice or obtain consent for certain significant corporate events. Moreover, some of the loan agreements that we entered into contain financial covenants that require us or our subsidiaries to maintain specified financial ratios. Further, some of our loan agreements contain cross-default provisions where a technical default on one of our obligations under other agreements will trigger a technical default under such agreements. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that they are not aware of any breach of any of the covenants contained in our banking facilities and hybrid instruments constituting any event of default nor are they aware of any restrictions that will limit our ability to drawdown on our unutilized facilities. Our Directors further confirmed that during the Track Record Period and up to the date of this prospectus, we had not experienced any material difficulties in obtaining banking facilities and debts financing nor had we been rejected for any loan application or debt offering.

Hybrid Instruments

In addition to bank borrowings, we have funded our expansion through the issuance of the convertible notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares. We plan to retire all of these hybrid instruments immediately prior to Listing. See "History, Reorganization and Corporate Structure—Reorganization—Phase 3 of the Reorganization" and "—Phase 4 of the Reorganization" for further details.

2014 Convertible Notes

On April 25, 2014, we issued the 2014 Convertible Notes to Berkeley Asset and SeaTown Lionfish, respectively. The 2014 Convertible Notes have a principal of US$150.0 million (approximately RMB923.8 million) in aggregate and have a maturity period of four years, bearing an interest rate of 10% per annum. On February 5, 2016, we amended and restated the terms of the 2014 Convertible Notes to effect certain amendments on the conversion price on which the Convertible Notes can be converted into our Shares. See "History, Reorganization and Corporate Structure – Terms of the Pre-IPO Investments and Joint Ventures – Investments by RRJ Capital Master Fund and SeaTown Master Fund – The Convertible Notes" and "– The Investor Rights Agreement" for details of the principal terms of the 2014 Convertible Notes.

2015 Convertible Notes

On February 10, 2015, we issued the 2015 Convertible Notes to Berkeley Asset and SeaTown Lionfish, respectively. The 2015 Convertible Notes have a principal of US$100.0 million (approximately RMB613.0 million) in aggregate and has a maturity period of four years, bearing an interest rate of 10% per annum. On February 5, 2016, we amended and restated the terms of the 2015 Convertible Notes to effect certain amendments on the conversion price on which the Convertible Notes can be converted into our Shares. See "History, Reorganization and Corporate Structure – Terms of the Pre-IPO Investments and Joint Ventures – Investments by RRJ Capital Master Fund and SeaTown – The Convertible Notes" and "– The Investor Rights Agreement" for details of the principal terms of the 2015 Convertible Notes.

As of December 31, 2014, the 2014 Convertible Notes were valued at RMB1,064.2 million. As of December 31, 2015, the outstanding principal amount of the 2014 and 2015 Convertible Notes were valued at RMB1,332.1 million and RMB777.6 million, respectively.

Redeemable Convertible Deemed Preferred Shares

On June 18, 2013, we entered into the Carlyle Framework Agreement with Seed Holding II, pursuant to which Seed Holding II committed to invest in certain of our project companies in a 2-year investment period, starting from June 18, 2013. On February 28, 2016, we entered into a share sale and purchase agreement with Seed Holding I, pursuant to which Seed Holding I shall sell and the Company shall purchase from Seed Holding I the investments in certain of our project companies on the Listing date. On the same date, we entered into a consent agreement with Seed Holding II, pursuant to which, upon the occurrence of the Global Offering, the Carlyle Framework Agreement signed in June 2013 shall be forthwith terminated. See "History, Reorganization and Corporate Structure – Terms of the Pre-IPO Investments and Joint Ventures – Joint Ventures with Carlyle" for details of the principal terms of our cooperation with Carlyle.

The investment made by Seed Holding II as our joint venture partner was accounted for as redeemable convertible deemed preferred shares instead of non-controlling interests at the project companies, primarily because (i) the conditions triggering the customary exit rights are beyond our control; and (ii) the amounts payable by us in terms of an exercise of such exits rights are determined with reference to a predetermined investment return provided in the Carlyle Framework Agreement. According to IAS32 and the relevant accounting standards:

- A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument, and the issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability).

- When classifying a financial instrument (or a component of it) in consolidated financial statements, an entity shall consider all terms and conditions agreed between members of the group and the holders of the instrument in determining, on whether the group as a whole has an obligation to deliver cash or another financial asset in respect of the instrument or to settle it in a manner that results in liability classification. When a subsidiary within the group issues a financial instrument and the parent or other group entity agrees additional terms with the holders of the instrument (e.g. a guarantee), the group may not have discretion over distribution or redemption. Although the subsidiary may appropriately classify the instrument without regard to these additional terms in its individual financial statements, the effect of other agreements between members of the group and the holders of the instrument is considered in order to ensure that consolidated financial statements reflect the contracts and transactions entered into by the group as a whole. To the extent that there is such an obligation or settlement provision, the instrument (or the component of it that is subject to the obligation) is classified as a financial liability in the consolidated financial statements.

- Whether a non-controlling interest shall be recognized in the consolidated financial statements of a group depends on whether the risks and rewards of ownership of the equity instruments has been transferred from the holders to the group. If the amount payable to the holders of the equity instruments in case of an exit is subject to certain guaranteed investment return, the risks and rewards of ownership of the equity instruments are considered to be transferred from the holders of the equity instruments to the group.

Considering the relevant terms of the Carlyle Framework Agreement and the relevant accounting standards, notwithstanding each of the Carlyle-Yupei Project Companies treats the capital investment made by Seed Holding II as an equity instrument in its individual financial statements, these capital investments should not be treated as non-controlling interests, but classified as financial liabilities in the our consolidated financial statements.

These redeemable convertible deemed preferred shares were valued at RMB279.9 million, RMB869.3 million and RMB1,695.6 million, respectively, as of December 31, 2013, 2014 and 2015.

Prepayable Loans

On April 20, 2015, we entered into a loan agreement with Sherlock Asset and SeaTown Lionfish, Mr. Li and Yupei Investment Management, pursuant to which the Company borrowed an aggregate principal amount of US$225.0 million (RMB1,377.0 million) and US$25.0 million (RMB153.0 million) from Sherlock Asset and SeaTown Lionfish, respectively, both of which have a maturity period of two years, bearing an interest rate of 12% per annum. On August 19, 2015, SeaTown Lionfish assigned US$5.0 million of the outstanding loan to Moussedragon, L.P. in accordance with a loan participation agreement.

To support our efforts in funding our development and expansion, Mr. Li transferred an aggregate of 900 Shares to the lenders of the 2015 Loans in return of US$1 in total (the "**Share Transfer**"). These 900 Shares constituted part of the funding cost for the 2015 Loans, as the value of these Shares as well as their future appreciation potential form part of the investment return for the lenders.

As Mr. Li held 100% of the equity interest in our Company prior to the 2015 Loans, the Share Transfer can be viewed as an equity contribution to us, as the substance of the Share Transfer is the same as Mr. Li gifting the 900 Shares to us, and we subsequently sold them at fair value to receive cash proceeds.

Under IFRS 2, share-based payment transaction is a transaction in which the entity settles its obligation with equity instruments of the entity (including shares or share options). As the Share Transfer is considered part of the funding cost for the 2015 Loans and the Shares were transferred to the lenders as part of the interest payment, the Share Transfer is considered a share-based payment transaction.

For the purpose of hybrid financial instruments, share-based payment results in an expense charge if there is a difference between (a) the fair value of consideration given by the issuer of the instrument, which typically includes certain debt obligation, equity instrument and guaranteed return; and (b) the cash proceeds received from the issuance of such hybrid instruments. Considering that the aggregate fair value of the 2015 Loans, the 900 Shares and the guaranteed investment return on the 2015 Loans approximates the cash proceeds received by us, we did not record any expenses for the share-based payment in connection with the 2015 Loans. Going forward, as we plan to repay the prepayable loans prior to Listing, the Share Transfer will not have any negative impact on our results of operations in the future.

On February 5, 2016, we entered into amended and restated loan agreements with Sherlock Asset and SeaTown Lionfish, Mr. Li and Yupei International Investment to effect certain amendments on the mechanism for which interest is calculated. See "History, Reorganization and Corporate Structure – Terms of the Pre-IPO Investments and Joint Ventures – Investments by RRJ Capital Master Fund and SeaTown Master Fund – The 2015 Loans" and "– The Investor Rights Agreement" for details of the principal terms of our prepayable loans.

As of December 31, 2015, the prepayable loans were valued at RMB1,650.9 million.

On June 27, 2016, we entered into a legally binding facility agreement with Credit Suisse Singapore for a credit facility of up to US$300 million for the purpose of repaying the 2015 Loans prior to the Listing. The banking facility bears an interest rate of Libor+4.5% per annum and will be available for utilization before the Listing. We plan to repay this banking facility with (i) net proceeds of HK$1,336.8 million (US$171.9 million) after the completion of the Global Offering. See "Future Plan and Use of Proceeds" for further details; and (ii) debt facilities of up to US$100 million in aggregate as described below.

On June 27, 2016, we entered into two legally binding commitment letters with two financial institutions, each an independent third party, for debt facilities of up to US$100 million in aggregate for the purposes of repaying existing indebtedness and other obligations, such as the credit facility to Credit Suisse Singapore, fund acquisition consideration, the development of additional logistics park projects in the future, working capital and other general corporate purposes. The debt facilities bear coupon rate of 8% per annum, payable semiannually, and will be available, subject to the execution of satisfactory definitive documentation and certain closing conditions, including among others, evidence satisfactory to the lenders that the Global Offering has completed as planned with net proceeds of at least US$300 million, for utilization upon Listing. The debt facilities will be due on the third anniversary of the day we draw down the facilities at 106.8% of the outstanding principal amount and we have an early repayment option, exercisable up to 18 months after we draw down the facilities, subject to a premium. The debt facilities will be subject to a number of customary covenants and will be guaranteed by our offshore subsidiaries and secured by pledge over their shares. We plan to fully draw down these debt facilities and repay these debt facilities with our future operating cash flow and other sources of external financing.

The additional borrowings may result in a significant increase in our interest expenses and hence our financing expense, see "Risk Factors – Risks Relating to our Business – Our financing costs may increase significantly in the future" for further details.

Redeemable Convertible Ordinary Shares

We entered into the Logisware Framework Agreement with Logisware on March 11, 2015 and a supplementary agreement on May 18, 2015, pursuant to which Logisware committed to invest in one of our project companies. See "History, Reorganization and Corporate Structure – Terms of the Pre-IPO Investments and Joint Ventures – Joint Venture with Logisware" for details of the principal terms of our cooperation with Logisware.

The investment made by Logisware as our joint venture partner was accounted for as redeemable convertible ordinary shares instead of non-controlling interests at the project company, primarily because (i) the conditions triggering the customary exit rights are beyond our control; and (ii) the amounts payable by us in terms of an exercise of such exits rights are determined with reference to a predetermined investment return provided in the Logisware Framework Agreement. According to IAS32 and the relevant accounting standards:

- A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument, and the issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability).

- When classifying a financial instrument (or a component of it) in consolidated financial statements, an entity shall consider all terms and conditions agreed between members of the group and the holders of the instrument in determining, on whether the group as a whole has an obligation to deliver cash or another financial asset in respect of the instrument or to settle it in a manner that results in liability classification. When a subsidiary within the group issues a financial instrument and the parent or other group entity agrees additional terms with the holders of the instrument (e.g. a guarantee), the group may not have discretion over distribution or redemption. Although the subsidiary may appropriately classify the instrument without regard to these additional terms in its individual financial statements, the effect of other agreements between members of the group and the holders of the instrument is considered in order to ensure that consolidated financial statements reflect the contracts and transactions entered into by the group as a whole. To the extent that there is such an obligation or settlement provision, the instrument (or the component of it that is subject to the obligation) is classified as a financial liability in the consolidated financial statements.

- Whether a non-controlling interest shall be recognized in the consolidated financial statements of a group depends on whether the risks and rewards of ownership of the equity instruments has been transferred from the holders to the group. If the amount payable to the holders of the equity instruments in case of an exit is subject to certain guaranteed investment return, the risks and rewards of ownership of the equity instruments are considered to be transferred from the holders of the equity instruments to the group.

Considering the relevant terms of the Logisware Framework Agreement and the relevant accounting standards, notwithstanding the project company treats the capital investment made by Logisware as an equity instrument in its individual financial statements, these capital investments should not be treated as non-controlling interests, but classified as financial liabilities in the our consolidated financial statements.

These redeemable convertible ordinary shares were valued at nil, nil and RMB334.3 million, respectively, as of December 31, 2013, 2014 and 2015.

Others

In addition to our outstanding bank borrowings and hybrid instruments, we also had advances of RMB12.3 million due to our related party as of December 31, 2015. See "—Analysis of Selected Financial Position Items—Trade and Other Payables" for further details. Furthermore, we provided certain financial guarantees. See "—Off-balance Sheet Arrangements" for further details.

Our Directors have confirmed that, other than our unutilized banking facilities and banking commitment letters and letters of intent as disclosed in this prospectus, we do not have any plan to raise additional material external debt financing as of the date of this prospectus.

MAJOR FINANCIAL RATIOS

The following table sets forth the major financial ratios as of the dates or for the periods indicated:

	As of or for the Year Ended December 31,		
	2013	2014	2015
		(%)	
Current ratio[(1)]	22.0%	109.4%	79.1%
Gearing ratio[(2)]	52.2%	16.1%	48.2%
Adjusted gearing ratio[(3)]	25.0%	N/A[(5)]	8.9%
Gross profit margin	67.0%	68.5%	64.9%
Return on equity[(4)]	36.6%	26.1%	91.9%

Notes:

(1) *Current ratio is calculated by dividing current assets by current liabilities at the end of each period.*

(2) *Gearing ratio is calculated by dividing (i) our interest-bearing bank borrowings plus redeemable convertible deemed preferred shares and prepayable loans less cash and cash equivalents and restricted cash, being our net debt, by (ii) the sum of net debt, our total equity, our convertible notes and our redeemable convertible ordinary shares, being our total capital at the end of each period.*

(3) *Adjusted gearing ratio is calculated by dividing (i) our interest-bearing bank borrowings less cash and cash equivalent and restricted cash; by (ii) our total capital (as defined in note 2 above).*

(4) *Return on equity is our profit for the year attribute to the owners of the Company as a percentage of the arithmetic mean of the total equity at the beginning and the end of each period.*

(5) *Our interest-bearing bank borrowings were less than our cash and cash equivalent and restricted cash, and we were in a net cash position as of December 31, 2014.*

Current Ratio

Our current ratio increased from 22.0% as of December 31, 2013 to 109.4% as of December 31, 2014, primarily due to increases in cash and cash equivalents and restricted cash and an increase in trade and other receivable. Such increases were partially set off by an increase in trade and other payables. Our current ratio decreased from 109.4% as of December 31, 2014 to 79.1% as of December 31, 2015, primarily due to a significant decrease in our restricted cash and a substantial increase in our borrowings, partially offset by a substantial decrease in our trade and other payables and an increase in our cash. See "– Working Capital" for reasons behind the movement for the balances of these accounts.

Gearing Ratio

Our gearing ratio decreased from 52.2% as of December 31, 2013 to 16.1% as of December 31, 2014, primarily as a result of the issuance of the 2014 Convertible Notes that increased our total capital while not counting as our net debt. Our gearing ratio increased from 16.1% as of December 31, 2014 to 48.1% as of December 31, 2015, primarily as a result of the additional borrowing we incurred in 2015, the significant increase in our redeemable convertible deemed preferred shares as Seed Holding II continues to increase its investment, the prepayable loans we borrowed from Sherlock Asset and SeaTown Lionfish, partially offset by the increase in our total equity and the issuance of the 2015 Convertible Notes. See "– Working Capital" and "– Indebtedness" for reasons behind the movement for the balances of these accounts.

Adjusted Gearing Ratio

Primarily due to the cash proceeds from the issuance of the 2014 Convertible Notes, our cash and cash equivalent and restricted cash were more than our bank borrowings, which resulted in our net cash position as of December 31, 2014, as compared with our adjusted gearing ratio of 25.0% as of December 31, 2013. In 2015, primarily due to a substantial increase in our bank borrowings, partially offset by the cash proceeds from the issuance of the 2015 Convertible Notes, our adjusted gearing ratio was 8.9% as of December 31, 2015. See "– Working Capital" and "– Indebtedness" for reasons behind the movement for the balances of these accounts.

Gross Profit Margin

See "– Results of Operations" for further details.

Return on Equity

Our return on equity ratio decreased from 36.6% in 2013 to 26.1% in 2014, primarily due to (i) a lower profitability in 2014 as a result of higher operating expenses for expansion of our operating platform in anticipation of future expansion; and (ii) the fair value loss we recorded on our hybrid instruments. In the same year, our equity increased as we continued our nationwide expansion, partially offset by a higher asset-liability ratio in 2014. Our return on equity ratio increased from 26.1% as of December 31, 2014 to 91.9% in 2015, primarily due to (i) strong revenue and profitability growth as we expand our scale of operations; and (ii) the significant fair value gain we recorded on our investment properties as we continued to establish new logistics park projects and the value of these logistics park projects continued to increase. In the same year, our equity continued to increase as we continued our nationwide expansion and our asset-liability ratio decreased.

OFF-BALANCE SHEET ARRANGEMENTS

In 2015, we signed a financial guarantee contract to provide guarantee on bank borrowing of RMB10.0 million for Chengdu Daxinan Prefab Houses Co., Ltd. (whose shareholder is a relative of the original shareholder of Chendu Shengbao before our acquisition of Chendu Shengbao in 2015), covering the period from January 5, 2015 to January 4, 2016. Under the terms of the financial guarantee contracts, we will be required to guarantee the payment to the lender if the borrower fails to repay when due. The fair value of the financial guarantee at the time of signature is zero because the guarantee is agreed on arm's length terms. No receivable for the future premiums is recognized. As we consider that the probability to pay under the guarantee is remote, no financial guarantee is recognized on the consolidated balance sheets as of December 31, 2015. The guarantee was subsequently released with the repayment of the bank borrowing on January 4, 2016.

In 2015, we signed a financial guarantee contract to provide guarantee on bank borrowing of RMB260.0 million for Shanghai Tianke Enterprise Co., Ltd. (the parent company of the other two investors of Shanghai Hongyu Logistics Co., Ltd. ("**Shanghai Hongyu**"), the associate of the Group) covering the period from June 17, 2015 to December 16, 2016. The borrowing was incurred for the acquisition of land and development of the Shanghai Hongyu Logistics Park. As Shanghai Hongyu has not been established at the time of the land acquisition, Shanghai Tianke Enterprise Co., Ltd. as a shareholder incurred the borrowing and we provided the guarantee for the borrowing. Under the terms of the financial guarantee contract, we will be required to guarantee the payment to the lender if the borrower fails to repay when due. The fair value of the financial guarantee at the time of signature is zero because the guarantee is agreed on arm's length terms. No receivable for the future premiums is recognized. As we consider that the probability to pay under the guarantee is remote, no financial guarantee is recognized on the consolidated balance sheets as of December 31, 2015. The guarantee was subsequently released on June 12, 2016.

Except as disclosed above, we have not entered into, nor do we expect to enter into, any off-balance sheet arrangements, nor have we entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing or hedging services with us.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have significant contingent liabilities.

RELATED PARTY TRANSACTIONS

For a discussion of related party transactions, see Note 32 to the Accountant's Report set forth in Appendix I to this prospectus.

Our Directors believe that the related party transactions were carried out on an arm's length basis and will not distort our results during the Track Record Period or make such results not reflective of our future performance.

NO OTHER OUTSTANDING INDEBTEDNESS

Save as disclosed in "– Indebtedness", we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of April 30, 2016, being our indebtedness statement date. Save as disclosed in "Summary – Recent Development", after due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since April 30, 2016.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

We mainly operate in the PRC with most of the revenue and expenditures transactions denominated and settled in RMB, where its foreign exchange risk is limited.

Our exposure to foreign exchange risk is mainly on our cash and cash equivalents and our financing activities (i.e., issuance of Convertible Notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares) denominated in U.S. Dollars. We have not hedged our foreign exchange rate risk. In addition, our conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC Government.

As of December 31, 2013, 2014 and 2015, if U.S. Dollar has strengthened/weakened by 5% against RMB with all other variables held constant, our profit before tax for the years ended December 31, 2013, 2014 and 2015 would have been decreased/increased by approximately RMB13.7 million, RMB78.3 million and RMB283.0 million, respectively, mainly as a result of foreign exchange losses/gains on translation of U.S. Dollar denominated cash and cash equivalents, and U.S. Dollar denominated financial liabilities at fair value through profit or loss (i.e., Convertible Notes, redeemable convertible deemed preferred share, prepayable loans and redeemable convertible ordinary shares).

Cash Flow and Fair Value Interest Rate Risk

Our interest rate risk arises from our borrowings. Borrowings obtained at variable rates expose us to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose us to fair value interest rate risk. Our policy is to maintain stability of our borrowings in fixed rate instruments. We have not used any derivative to hedge our exposure to interest rate risks.

As of December 31, 2013, 2014 and 2015, if average interest rate on our certain borrowings, which bear floating rates, had been 50 basis point higher/lower, profit before tax for the years ended December 31, 2013, 2014 and 2015 would have been decreased/increased by approximately RMB1.2 million, RMB2.9 million and RMB7.4 million, respectively.

Credit Risk

Our credit risk arises from cash and cash equivalents, restricted cash and trade and other receivables. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent our maximum exposure to credit risk in relation to the corresponding class of financial classes.

To manage the risk with respect to cash and cash equivalents and restricted cash, bank deposits are placed with highly reputable financial institutions.

Most of our rental income and management service fees settled in cash (via online transfer) by our customers. We perform credit assessment on customers before granting credit limits to our customers and credit risks in connection with trade receivables are monitored on an on-going basis. No credit limits were exceeded during the Track Record Period and our management does not expect any losses from non-performance by these counterparties.

Liquidity Risk

Cash flow forecasting is performed in our operating entities and summarized by our finance management team. Our management monitors rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs. Such forecasting takes into consideration our debt financing plans, financial covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, such as currency restrictions.

The table below analyses our non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts tabulated below are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
			(in RMB thousands)		
As of December 31, 2013					
Borrowings	84,688	53,207	166,601	160,590	465,096
Hybrid instruments	279,470	–	–	–	279,470
Trade and other payables	614,929	–	–	–	614,929
Total	**979,087**	**53,207**	**166,601**	**160,590**	**1,359,485**
As of December 31, 2014					
Borrowings	87,598	116,411	341,739	346,015	891,763
Hybrid instruments	887,193	26,942	1,844,360	–	2,758,495
Trade and other payables	1,143,061	–	–	–	1,143,061
Total	**2,117,852**	**143,353**	**2,186,099**	**346,015**	**4,793,319**
As of December 31, 2015					
Borrowings	725,596	159,879	564,990	392,072	1,842,537
Trade and other payables	466,829	–	–	–	466,829
Hybrid instruments	2,167,287	1,976,085	3,212,976	–	7,356,348
Financial guarantee contracts	291,786	–	–	–	291,786
	3,651,498	**2,135,964**	**3,777,966**	**392,072**	**9,957,500**

See "– Indebtedness – Hybrid Instruments" for details of our hybrid instruments.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commission, discretionary incentive fee and professional fees, and are estimated to be approximately RMB108.3 million (assuming that the Global Offering is conducted at the mid-point of the Offering Price range). During the Track Record Period, we incurred listing expenses of RMB25.6 million, of which RMB18.3 million was charged to our consolidated statements of comprehensive income during the Track Record Period, while the remaining amount of RMB7.3 million was included in prepayments and will be subsequently charged to equity upon completion of the Global Offering. We estimate that underwriting commission, discretionary incentive fee and other listing expenses of approximately RMB82.7 million will be incurred after December 31, 2015, of which approximately RMB13.1 million will be charged to the consolidated statements of comprehensive income for the year ending December 31, 2016, and RMB69.6 million will be charged to equity upon completion of the Global Offering.

DIVIDEND POLICY

We did not declare or distribute any dividend to our Shareholders during the Track Record Period. We have no present plan to pay any dividends to our Shareholders in the foreseeable future.

We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. Any future determination to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval. The Board will review dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- our result of operations;
- our cash flows;
- our financial condition;
- our Shareholders' interests;
- general business conditions and strategies;
- our capital requirements;
- the payment by our subsidiaries of cash dividends to us; and
- other factors the Board may deem relevant.

DISTRIBUTABLE RESERVES

As of December 31, 2015, our Company had reserves available for distribution to our members of RMB139.7 million. The Companies Law provides that the share premium account of a company incorporated in the Cayman Islands, such as our Company, may be applied in such manner as it may from time to time determine, subject to the provisions, if any, of its memorandum and articles of association, provided that no distribution or dividend may be paid to its members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, such company shall be able to pay its debts as they fall due in the ordinary course of business.

PROPERTY VALUATION

Colliers has valued our investment properties at RMB10,347 million as of March 31, 2016. The text of its letter, summary of valuation and the valuation certificates are set forth in Appendix III to this prospectus.

The statement below shows the reconciliation of aggregate amounts of certain properties as reflected in our audited consolidated financial statements as of December 31, 2015 as set forth in "Appendix I – Accountants' Report" to this prospectus with the valuation of these properties as of March 31, 2016 as set forth in "Appendix III – Property Valuation Report" to this prospectus.

	in RMB thousands
Fair Value as of December 31, 2015 (Audited)	**9,709,000**
Additions	256,000
Net gains from fair value adjustment	382,000
Fair Value as of March 31, 2016 (unaudited)	**10,347,000**

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial and trading position or prospects since December 31, 2015, save as disclosed in "Summary – Recent Development", and there is no event since December 31, 2015 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group, which is based on the consolidated net tangible assets of our Group attributable to the owners of the Company as of December 31, 2015 as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group.

	Audited Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company as at December 31, 2015	Estimated Net Proceeds from the Global Offering	Estimated Impact to the Net Assets upon the Conversion of the Convertible Notes, Redeemable Convertible Deemed Preferred Shares, and Redeemable Convertible Ordinary Shares	Unaudited Pro Forma Adjusted Net Tangible Assets Attributable to Owners of the Company	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	Note 1	Note 2	Note 3		Note 4	Note 4
		(in RMB thousands)			RMB	HK$
Based on an Offer Price of HK$3.25 per share	1,984,299	2,735,945	3,229,356	7,949,600	2.76	3.28
Based on an Offer Price of HK$2.55 per share	1,984,299	2,141,489	3,229,356	7,355,144	2.41	2.86

Notes:

(1) *The audited consolidated net tangible assets attributable to the owners of the Company as of December 31, 2015 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as of December 31, 2015 of RMB1,984.3 million with an adjustment for the intangible assets as of December 31, 2015 of RMB135,000.*

(2) *The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$3.25 and HK$2.55 per Share after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB18.3 million which have been accounted for in the consolidated statement of comprehensive income prior to December 31, 2015) payable by the Company.*

(3) *Adjustments have been made to reflect the estimated impact to the net tangible assets upon the Global Offering of the conversion of the convertible notes, redeemable convertible deemed preferred share and redeemable convertible ordinary shares:*

Convertible Notes

Upon the Global Offering, the entire outstanding amount of the convertible notes plus the accrued and unpaid interest thereon will be converted into ordinary shares of the Company, under which the carrying amounts of the convertible notes recorded as a liability of the Company will be transferred to the Company's equity.

Redeemable Convertible Deemed Preferred Share

Upon the Global Offering, the HK$ equivalent of US$120 million of redeemable convertible deemed preferred shares will be settled by issuing ordinary shares of the Company, under which the carrying amounts of the HK$ equivalent of US$120 million recorded as a liability of the Company will be transferred to the Company's equity. The portion of redeemable convertible deemed preferred shares to be settled by issuance of ordinary shares have been predetermined as set out in the sale and purchase agreement entered into between Seed Holding I and the Company on February 28, 2016. The remaining carrying amounts of the redeemable convertible deemed preferred share will be repaid in cash upon the Global Offering. For illustrative purpose, the portion of Redeemable Convertible Deemed Preferred Shares to be settled by issuances of ordinary shares are converted from U.S. dollar into Renminbi at a rate of US$1.00 to RMB6.5452.

Redeemable Convertible Ordinary Shares

Upon the Global Offering, the entire outstanding amount of the redeemable convertible ordinary shares plus the accrued and unpaid interest thereon will be converted into ordinary shares of the Company, under which the carrying amounts of the redeemable convertible ordinary shares recorded as a liability of the Company will be transferred to the Company's equity.

(4) *The unaudited pro forma adjusted net tangible assets per Share is arrived after adjustments referred to in the preceding paragraphs and on the basis that 3,058,043,000 Shares or 2,881,563,000 Shares were in issue based on an Offer Price of HK$2.55 per Share or HK$3.25 per Share, respectively, assuming that the subdivision of Shares and the Global Offering have been completed on December 31, 2015, but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandate.*

(5) *Save as aforesaid, no adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2015.*

(6) *For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi are converted into Hong Kong dollars at a rate of RMB1.00 to HK$1.1878. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.*

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO SIGNIFICANT INTERRUPTIONS

Our Directors confirm that there have been no interruptions in our business that may have a material adverse effect on our financial position and results of operations in the 12 months period prior to the Latest Practicable Date.