光谷聯合控股有限公司
OPTICS VALLEY UNION HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 798

GLOBAL OFFERING

Sole Sponsor

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

Joint Global Coordinators

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

CMS 招商证券

Joint Bookrunners and Joint Lead Managers

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

CMS 招商证券

海通國際 HAITONG

廣發香港 GF HONG KONG

長江證券(香港) CHANGJIANG SECURITIES (HK)

建银国际 CCB International

農銀國際 ABC INTERNATIONAL

If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional advisor.

OVU

Optics Valley Union Holding Company Limited
光谷聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**1,000,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	**:**	**100,000,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**900,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$1.09 per Offer Share (payable in full on application, plus brokerage of 1.0%, SFC transaction levy of 0.003% and a Hong Kong Stock Exchange trading fee of 0.005% and subject to refund) and expected to be not less than HK$0.83 per Offer Share**
Nominal value	**:**	**HK$0.10 per Share**
Stock code	**:**	**798**

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

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) at the Price Determination Date. The Price Determination Date is expected to be on or around Saturday, March 22, 2014 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters), but in any event no later than Wednesday, March 26, 2014.

The Offer Price will be not more than HK$1.09 per Offer Share and is currently expected to be not less than HK$0.83 per Offer Share. Investors applying for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.09 per Offer Share, unless otherwise announced, together with brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.09. The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative offer price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Further details are set out in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Wednesday, March 26, 2014, the Global Offering will not proceed and will lapse.**

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

Pursuant to the termination provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Global Coordinators, on behalf of the Underwriters, have the right in certain circumstances, in the sole discretion of the Joint Global Coordinators, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of the terms of the termination provisions are set out in the paragraph entitled "Grounds for termination of the Hong Kong Underwriting Agreement" under the section entitled "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

March 18, 2014

Our Company will issue an announcement in Hong Kong to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable[(1)] of the Hong Kong Public Offering.

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[(2)]	11:30 a.m. on Friday, March 21, 2014
Application lists open[(3)]	11:45 a.m. on Friday, March 21, 2014
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[(4)]	12:00 a.m. on Friday, March 21, 2014
Latest time to complete payment of **White Form eIPO** applications effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, March 21, 2014
Application lists close[(3)]	12:00 noon on Friday, March 21, 2014
Expected Price Determination Date[(5)]	Saturday, March 22, 2014
Announcement of the Offer Price, the indication of the levels of interest in the International Offering, the results of applications in respect of the Hong Kong Public Offering and the results and basis of allotment under the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Thursday, March 27, 2014
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the subsection headed "How to Apply for Hong Kong Public Offer Shares – 11. Publication of Results" from	Thursday, March 27, 2014
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Thursday, March 27, 2014

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(6)	Thursday, March 27, 2014
Despatch of White Form e-Refund Payment instructions/refund checks in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before(7)	Thursday, March 27, 2014
Dealings in Shares on the Hong Kong Stock Exchange to commence on	Friday, March 28, 2014

Notes:

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

(2) You will not be permitted to submit your application through the **White Form eIPO** Service through the designated website, **www.eipo.com.hk**, after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 21, 2014, the application lists will not open and close on that day. Further information is set out in "Effect of bad weather conditions on the opening of the application lists" under the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus. If the application lists do not open and close on Friday, March 21, 2014, the dates mentioned in this section may be affected. A press announcement will be made by our Company in such event.

(4) Applicants who apply by giving electronic application instructions to HKSCC should refer to the paragraph headed "6. Applying by giving electronic application instructions to HKSCC via CCASS" under the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

(5) Please note that the Price Determination Date is expected to be on or around Saturday, March 22, 2014. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Wednesday, March 26, 2014 the Global Offering will not proceed and will lapse.

(6) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Thursday, March 27, 2014 but will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the sub-paragraph headed "Grounds for termination of the Hong Kong Underwriting Agreement" under the section headed "Underwriting" in this prospectus has not been exercised and has lapsed.

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

Share certificates will only become valid certificates of title provided that the Hong Kong Public Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of their Share certificates or before the Share certificates becoming valid certificates of title do so entirely at their own risk.

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

CONTENTS

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

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are engaged primarily in the development and operation of large-scale business parks with distinctive industry themes. All the commercial business parks developed by us during the Track Record Period are located in Hubei and Shandong provinces. We are the second largest commercial business park developer and operator in China as of December 31, 2013 in terms of the total GFA of completed projects, projects under development and projects planned for future development, according to the Savills Report. See the subsection headed "Industry Overview – The PRC Commercial Business Park Market – Competitive Landscape" in this prospectus for detailed discussion about our ranking.

Our Business Model

Property Development

We have developed a portfolio of multi-theme business parks, and we are a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. We focus on, and have strong capabilities in, developing business parks with customized properties and features that meet the individualized demands of our customers. Based on our accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale business parks in Wuhan, we replicate our business model in business park development in our other target cities. We have recently started to develop a business park project in Huangshi. We also expect to commence the development of our business park projects in Shenyang and Hefei and plan to further expand to our other target cities, including Beijing, Shanghai, Xi'an, Chongqing and Tianjin. Our business parks with distinctive industry themes provide leading corporations, as well as fast-growing SMEs and start-up companies, in a large number of industries with solutions to their needs for business space, operating environment, industry-specific supporting facilities as well as a wide range of business operation services. The themes of our large-scale business parks span a broad spectrum of industries, including, among others, software development, service outsourcing, financial back-office services, data centers, research and development, information technology, biotechnology, medical devices, new materials, energy conservation, environmental protection, ocean technology and creative industry.

We have engaged primarily in developing large-scale, industry theme-focused business parks to cater to the trend of industry clustering and create value for our customers. We proactively track and analyze leading enterprises in our target industries with regard to their needs for locations, business spaces and operating environments, and we offer competitive terms to attract selected enterprises to establish their businesses in our business parks. The presence of these leading enterprises may further attract other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our business parks. See the subsection headed "Business – Overview – Our Business Model – Property Development" in this prospectus for further discussion.

Our large-scale and theme-focused business parks have played a significant role in assisting local governments in the cities where we have operations to achieve their policy initiatives to upgrade local industry structures, promote the development and business innovation of SMEs and start-up companies, enhance and improve city functions, and transform the locations of these business parks and their surrounding areas into new city centers. Local governments often provide us with incentives and help us attract leading enterprises, SMEs and start-up companies to establish their presence in our business parks.

In line with local urban development plans in our target cities, we develop residential projects that are generally in proximity and complementary to our business park developments so as to develop our large-scale projects with a fully-functional living environment (產城一體). During the Track Record Period and up to December 31, 2013, we and our joint venture had three completed residential projects, namely the Romantic Town and the Lido Mason (Phase I) in Wuhan and the Lido Top View in Huangshi, and had two residential projects under development, namely the Lido 2046 and the Lido Mason (Phase II) in Wuhan. The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason.

Other Business Activities

We also engage in a variety of other business operations and activities, each of which is an integral part of and essential to our business park development and operation business and contributes to our turnover and profits. These business operations and activities include:

- ***Business operation services for the companies in our business parks***. We provide enterprises in our business parks with a wide range of business operation services to facilitate their business operations and reduce their operational costs.

- ***Construction contract***. We provide construction services for decorating and improving external parts and internal areas of buildings to customers in our business parks as well as property developments owned by third parties.

- ***Property leasing***. We engage in property leasing and strategically hold and lease out certain properties providing supporting services in our business parks as well as office properties suitable for general business uses to generate recurring rental income.

- ***Development management services for business parks owned by third parties***. As part of our strategic plan, we provide, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them.

See the subsection headed "Business – Overview – Our Business Model – Other Business Activities" in this prospectus for further discussion.

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

	Year ended December 31,						**Nine months ended September 30,**			
	2010		**2011**		**2012**		**2012**		**2013**	
	Turnover RMB'000	*% of total*	*Turnover RMB'000*	*% of total*	*Turnover RMB'000*	*% of total*	*Turnover RMB'000* (Unaudited)	*% of total*	*Turnover RMB'000*	*% of total*
Property development	647,635	82.1%	1,171,429	83.4%	1,431,893	79.0%	495,567	70.2%	853,254	75.1%
Business park projects	*473,514*	*60.0%*	*727,138*	*51.8%*	*1,362,218*	*75.2%*	*432,671*	*61.3%*	*847,453*	*74.6%*
Residential projects	*174,121*	*22.1%*	*444,291*	*31.6%*	*69,675*	*3.8%*	*62,896*	*8.9%*	*5,801*	*0.5%*
Business operation services	61,175	7.8%	89,098	6.3%	131,331	7.2%	86,409	12.2%	105,497	9.3%
Construction contract	48,977	6.2%	107,658	7.7%	195,056	10.8%	93,594	13.3%	142,531	12.6%
Property leasing	8,199	1.0%	11,927	0.8%	17,635	1.0%	10,874	1.5%	17,613	1.6%
Development management services	22,812	2.9%	25,057	1.8%	36,099	2.0%	19,627	2.8%	16,171	1.4%
Total	**788,798**	**100.0%**	**1,405,169**	**100.0%**	**1,812,014**	**100.0%**	**706,071**	**100.0%**	**1,135,066**	**100.0%**

Our Projects

During the Track Record Period and up to December 31, 2013, we and our joint venture have completed 11 business park projects in Wuhan, Qingdao and Ezhou and three residential projects in Wuhan and Huangshi as follows:

- ***Eleven business park projects***. The Optics Valley Software Park (Phases I-IV) (光谷軟件園一至四期), (Phase V) (光谷軟件園五期) and (Phase VI) (光谷軟件園六期); the Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期) and (Phase II) (光谷軟件園展示中心二期); the Optics Valley Financial Harbour (Phase I) (光谷金融港一期); the Optics Valley Financial Harbour (Phase II – Buildings B1-B20) (金融港二期B1-B20棟); the Wuhan Innocenter (Phase I) (武漢研創中心一期) and (Phase II) (武漢研創中心二期); the Qingdao Optics Valley Software Park (Phase I – 1.1 and 1.5) (青島光谷軟件園一期1.1及1.5區); and the Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6) (鄂州光谷聯合科技城一期1.1區D2-D3及D5-D6組團); and

- ***Three residential projects***. The Romantic Town (麗島漫城), the Lido Mason (Phase I) (麗島美生一期) and the Lido Top View (麗島半山華府) which are in proximity to our business park projects in Wuhan and Huangshi, respectively.

We divide our property development projects into four categories: (i) completed projects, which we have completed and in respect of which we have received the relevant certificates of completion issued by the relevant governmental authorities; (ii) projects under development, in respect of which we have received the relevant construction works commencement permits, and construction of which has commenced but not yet been completed; (iii) projects planned for future development, in respect of which we have received the relevant land use rights certificates, signed the relevant land grant contracts or received the confirmation letters on bidding for land use rights but not yet obtained land use rights certificates; and (iv) potential development projects, in respect of which we have entered into project framework, cooperation or investment agreements with the relevant governmental authorities, and we are in the process of carrying out the necessary PRC regulatory procedures to obtain the land use right certificates. See the subsection headed "Business – Our Property Development Projects" in this prospectus for further discussion.

We have established the standardized development procedures and products in respect of our five major types of business parks, namely financial harbour, software park, innocenter (focusing on industries related to research and development as well as information technology), creative capital (focusing on the creative industry), and technology city (focusing on Strategic Emerging Industries). Furthermore, we strategically select the new, fast-growing industries with significant growth potentials as the themes for our new business parks.

The following table sets forth an overview of the projects held by us as of December 31, 2013.

Project	Cities	Site Area	Total GFA	Saleable GFA	Property Market Value	Property Market Value Attributable to our Group
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB'000)*
Completed Projects	Wuhan, Qingdao, Ezhou, Huangshi	1,430,928(1)	2,249,006(1)	1,884,555(1)	2,962,700(1)	2,925,779(1)
Projects under Development	Wuhan, Qingdao, Ezhou, Huangshi	621,351(2)	1,059,634(2)	872,276(2)	3,432,100(2)	3,419,680(2)
Projects Planned for Future Development	Wuhan, Qingdao, Ezhou, Shenyang, Hefei	1,816,536	5,379,162	4,246,314	6,793,000	5,401,780

Project	Cities	Site Area	Total GFA	Saleable GFA	Property Market Value	Property Market Value Attributable to our Group
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB'000)*
Potential Development Projects	Wuhan, Qingdao, Ezhou, Huangshi, Shenyang	2,463,806	5,063,151	4,587,343	Nil	Nil
Total		**6,332,621**	**13,750,953**	**11,590,488**	**13,187,800**	**11,747,239**

Notes:

(1) Excluding the site area of 36,105 sq.m., the GFA of 71,203 sq.m., the saleable GFA of 69,072 sq.m., the property market value of RMB125.3 million and the property market value attributable to our Group of RMB62.65 million, respectively, in respect of the Lido Mason (Phase I). The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason.

(2) Excluding the site area of 36,067 sq.m., the GFA of 80,524 sq.m., the saleable GFA of 60,298 sq.m., the property market value of RMB290.9 million and the property market value attributable to our Group of RMB145.45 million, respectively, in respect of the Lido Mason (Phase II).

Contracted Sales

The following table summarizes our contracted sales in terms of GFA, sales amount and ASP during the Track Record Period and up to December 31, 2013:

	Year ended December 31,			Nine months ended September 30,		From October 1, 2013 up to December 31,
	2010	**2011**	**2012**	**2012**	**2013**	**2013**
Contracted sales *(RMB'000)*	1,215,926	1,290,684	1,320,245	1,031,123	802,802	584,368
Contracted GFA *(sq.m.)*	262,314	208,549	200,031	157,420	112,818	113,211
Contracted ASP *(RMB/sq.m.)*	4,635	6,188	6,600	6,550	7,116	5,162

See the subsection headed "Financial Information – Results of Operations – Description of Certain Income Statement Items – Turnover – Property Development – (3) Contracted Sales" in this prospectus for further discussion.

OUR COMPETITIVE STRENGTHS

- As the second largest commercial business park developer and operator in China in 2013[(1)], we have significant experience and strong capacities in the development and operation of large-scale, theme-focused business parks.
- Our vertically integrated business model, coupled with our strong capabilities and resources, has proved successful, which we have successfully replicated in our business park developments in our target cities.
- Our business parks are in line with the national development strategies of the PRC Government to promote the restructuring and upgrading of industries, and contribute to the development of "new urbanization" as well as the development and business innovation of SMEs, which enables us to benefit from favorable government policies.

Note:

(1) We ranked second in China as of December 31, 2013 among all commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development, according to the Savills Report.

OUR STRATEGIES

- Further consolidate our market leader position in business park development, and continue to replicate our business model in fast-growing target cities and establish national market coverage of our business.
- Leverage our brand, experience and talents and continuously develop business parks focusing on new, fast-growing industries with significant growth potential.
- Further enhance our strong capacities in business park development and operation and strengthen our vertically integrated business model.

RISK FACTORS

There are certain risks involved in our operations. Any risk and uncertainty could have a material adverse effect on our business, financial condition and results of operations or the trading price of the Shares, and could cause you to lose all or a portion of your investment. The major risk factors in relation to our operations include (but are not limited to) the risks relating to the effectiveness of our business model and our ability to replicate such business model for our expansion in China on our profitability and operating results. See the section headed "Risk Factors" in this prospectus for further discussion.

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

Key Income Statement Information

The following table sets forth a summary of the consolidated income statement information of our Group for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Continuing operations					
Turnover	***788,798***	***1,405,169***	***1,812,014***	***706,071***	***1,135,066***
Gross profit					
Property development	240,636	310,936	474,337	161,830	278,399
Other business segments	44,623	64,567	102,299	54,403	66,851
	285,259	***375,503***	***576,636***	***216,233***	***345,250***
Profit before taxation	***268,247***	***360,363***	***447,058***	***123,488***	***263,591***
Profit from continuing operations	***177,850***	***223,371***	***277,701***	***69,854***	***136,136***
Profit attributable to non-controlling interests	***66,569***	***112,071***	***66,425***	***18,290***	***17,092***
Profit for the year/period	**183,231**	**259,217**	**277,701**	**69,854**	**136,136**

The total listing expenses are estimated to be from approximately RMB66.1 million to RMB73.3 million (based on the Offer Price of HK$1.09 or HK$0.83, being the high or low end of the indicative offer price range, per Offer Share). The listing expenses charged to the statement of comprehensive income for the year ended December 31, 2012 and the nine months ended September 30, 2013 were approximately RMB6.0 million and RMB4.6 million, respectively. We expect to incur additional listing expenses in the amount from approximately

RMB55.5 million to RMB62.7 million until completion of the Global Offering, of which RMB17.4 million will be recognized as expense in the statement of comprehensive income for the year ending December 31, 2014 and the remaining amount from approximately RMB38.1 million to RMB45.3 million will be capitalized upon the Listing. Our Directors do not believe the listing expenses to be incurred in connection with the Global Offering will have a material impact on our results of operations for the year ended December 31, 2013.

We had negative net cash flow from operating activities for the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013. Our net cash used in operating activities was RMB86.4 million, RMB309.1 million and RMB715.4 million for the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, respectively, primarily due to development costs incurred in connection with our expanded property development activities. Our net cash inflow from operating activities was RMB541.5 million for the year ended December 31, 2010. See the subsection headed "Financial Information – Liquidity and Capital Resources" in this prospectus for further discussion.

Key Balance Sheet Information

The following table sets forth a summary of the consolidated balance sheet information of our Group as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	582,058	611,659	585,455	636,326
Current assets	2,319,467	3,617,124	4,963,036	5,724,901
Current liabilities	1,696,340	2,619,903	3,376,670	3,784,454
Net current assets	623,127	997,221	1,586,366	1,940,447
Total assets less current liabilities	**1,205,185**	**1,608,880**	**2,171,821**	**2,576,773**
Total equity	873,237	1,151,773	1,388,367	1,435,898
Non-current liabilities	331,948	457,107	783,454	1,140,875
Total equity and non-current liabilities	**1,205,185**	**1,608,880**	**2,171,821**	**2,576,773**

Key Financial Ratios

The table below sets forth certain of our key financial ratios as of the dates or for the periods indicated:

	As of/for the year ended December 31,			As of/for the nine months ended September 30,
	2010	**2011**	**2012**	**2013**
Return on equity(1)	20.4%	19.4%	20.0%	12.6%
Current ratio(2)	1.37	1.38	1.47	1.51
Quick ratio(3)	63.2%	58.6%	64.0%	55.3%
Net debt to equity ratio(4)	-62.1%	-21.2%	18.8%	87.1%
Gearing ratio(5)	42.3%	53.7%	87.1%	147.5%

Notes:

(1) Profit from continuing operations/total equity x 100%. The return on equity ratio as of September 30, 2013 was annualized.

(2) Current assets/current liabilities.

(3) (Current assets - inventories)/current liabilities.

(4) Net debt/total equity x 100%; net debt comprises short-term borrowings and long-term borrowings minus cash and cash equivalents.

(5) Total debt/total equity x 100%; total debt comprises short-term borrowings and long-term borrowings.

RECENT DEVELOPMENTS

We have continuously increased contracted sales of properties in the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4 and 1.5), the Ezhou OVU Science and Technology City (Phase I – 1.1), the Optics Valley Financial Harbour (Phase II) and the Optics Valley Software Park (Phase V), which have been developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities. For the three months ended December 31, 2013, the total contracted sales of all our business park projects were RMB538.4 million, which was attributable to the total contracted saleable GFA of 108,983 sq.m., resulting in the contracted ASP of RMB4,940 per sq.m.

With respect to our business park projects outside Wuhan, the contracted sales of the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4 and 1.5) were RMB104.0 million for the three months ended December 31, 2013, which was attributable to the contracted saleable GFA of 16,562 sq.m., or approximately 12.4% of the saleable GFA of the project. The contracted sales of the Ezhou OVU Science and Technology City (Phase I – 1.1) were RMB68.6 million for the three months ended December 31, 2013, which was attributable to the contracted saleable GFA of 23,264 sq.m., or approximately 43.5% of the saleable GFA of the project. Moreover, the total contracted sales and the total contracted saleable GFA of these two projects accounted for approximately 28.5% and 34.2% of those of all our business park projects for the same period, respectively. Based on the historical operating performance and results of operations of our projects, the management's experience and the sales plan, our Directors expect that the contracted sales and the contracted saleable GFA of our business park projects outside Wuhan will continue to increase and account for a greater proportion of the total contracted sales and the total contracted saleable GFA of all our business park projects going forward.

Our Directors have confirmed that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since September 30, 2013 and there has been no event since September 30, 2013 that would materially affect the financial information shown in the Accountants' Report as set out in Appendix I to this prospectus. We have prepared the unaudited financial information for the year ended December 31, 2013. The following tables set forth summaries of the key consolidated financial information of our Group for the years ended December 31, 2012 and 2013.

Key Income Statement Information

	Year ended December 31,	
	2012	**2013**
	RMB'000	*RMB'000* (unaudited)
Turnover	**1,812,014**	**1,966,348**
Gross profit		
Property development	474,337	624,125
Other business segments	102,299	88,065
	576,636	**712,190**
Profit before taxation	**447,058**	**593,781**
Profit for the year	**277,701**	**338,554**

Key Balance Sheet Information

	As of December 31,	
	2012	**2013**
	RMB'000	*RMB'000* (unaudited)
Non-current assets	585,455	724,787
Current assets	4,963,036	6,358,684
Current liabilities	3,376,670	3,665,116
Net current assets	1,586,366	2,693,568
Total assets less current liabilities	**2,171,821**	**3,418,355**
Total equity	1,388,367	1,665,116
Non-current liabilities	783,454	1,753,239
Total equity and non-current liabilities	**2,171,821**	**3,418,355**

See Appendix III entitled "Unaudited Preliminary Consolidated Financial Information of the Company for the Year Ended 31 December 2013" in this prospectus for further discussion.

OUR SHAREHOLDERS

Immediately prior to the Capitalization Issue and the Global Offering, our Company was owned as to 59.590% by AAA Finance and 4.000% by Lidao BVI, two investment holding companies wholly owned by Mr. Huang Liping; 15.997% by Technology Investment HK, an investment holding company wholly owned by Hubei Science & Technology Investment; 10.679% by Hengxin PTC, a trust with 104 individual shareholders as beneficiaries; and 9.734% by Qianbao BVI, an investment holding company wholly owned by Mr. Tse Shing Ming.

Upon completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised, our Company will be owned as to 44.693% by AAA Finance and 3.000% by Lidao BVI; 11.998% by Technology Investment HK; 8.009% by Hengxin PTC; 7.301% by Qianbao BVI whose shareholding will be counted towards public float and 25.000% by other public shareholders. Mr. Huang Liping, AAA Finance and Lidao BVI will continue to be the Controlling Shareholders of our Company after the Global Offering.

PROPERTY VALUATION

Savills Valuation, an independent property valuer, valued our property interests as of December 31, 2013. See Appendix IV entitled "Property Valuation" in this prospectus. Based on such valuation, the aggregate market value of all our property interests as of December 31, 2013 was RMB13,604.0 million (comprising the property market value of RMB13,187.8 million in respect of our Group and the property market value of RMB416.2 million in respect of our joint venture, Wuhan Mason). In connection with the valuation, Savills Valuation applied the direct comparison method based on comparison and reference to comparable sales transactions in local markets. Such method is a common approach to value the properties which are planned for sale in the near future with identifiable valuation comparables in the property markets. In conducting the valuation, Savills Valuation relied on the information provided by our Group and our PRC legal advisors in relation to title to the properties and assumed, among other things, that properties that are uncompleted will be developed and completed in accordance with our development plan. However, investors are advised that the appraised value of our property interests shall not be taken as their actual realizable value or a forecast of their realizable value. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – The appraisal value of our properties may be different from the actual realizable value and is subject to change" in this prospectus for further discussion.

OFFERING STATISTICS

Market capitalization at Listing:	HK$3,320 million to HK$4,360 million
Offer size:	Initially 1,000,000,000 Shares (excluding Shares to be offered pursuant to the exercise of the Over-allotment Option)
Over-allotment Option:	Up to 15% of the Shares initially being offered under the Global Offering
Offering structure:	10% Hong Kong Public Offering and 90% International Offering (subject to adjustment and the Over-allotment Option)

Use of proceeds (assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$0.96 per Share (being the mid-point of the indicative price range of the Offer Price)):	We expect to receive the net proceeds of approximately HK$871.7 million (equivalent of approximately RMB688.7 million) from the Global Offering,
	• approximately HK$455.9 million or 52.3% of net cash proceeds will be used for payment of the land premiums and preliminary construction costs in respect of our projects planned for future development, including:
	  • approximately HK$322.5 million or 37.0% of net cash proceeds will be used for the preliminary construction costs for projects planned for future development, comprising:
	    • approximately HK$67.1 million or 7.7% of net cash proceeds for the Qingdao Optics Valley Software Park (Phase I – 1.2);
	    • approximately HK$133.4 million or 15.3% of net cash proceeds for the Qingdao Optics Valley Software Park (Phase I – 1.6 to 1.7);
	    • approximately HK$33.1 million or 3.8% of net cash proceeds for the Qingdao Marine & Science Park (Phase I);
	    • approximately HK$33.1 million or 3.8% of net cash proceeds for the Qingdao Innocenter; and
	    • approximately HK$55.8 million or 6.4% of net cash proceeds for the Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3);
	  • approximately HK$133.4 million or 15.3% of net cash proceeds will be used for payment of the land premiums in relation to the development of business park projects focusing on the creative industry;
	• approximately HK$328.6 million or 37.7% of net cash proceeds will be used for the development of our projects under development; and
	• approximately HK$87.2 million or 10.0% of net cash proceeds will be used for working capital and other general corporate purposes.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of September 30, 2013$^{(1)}$	Estimated net proceeds from the Global Offering$^{(2)}$	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company$^{(3)}$	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share$^{(3)(4)}$	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on the Offer Price of HK$1.09 for each Share	1,217,342	787,781	2,005,123	0.50	0.63
Based on the Offer Price of HK$0.83 for each Share	1,217,342	589,570	1,806,912	0.45	0.57

Notes:

(1) The consolidated net tangible assets attributable to the equity shareholders of our Company as of September 30, 2013 is extracted from the "Accountants' Report" as set out in Appendix I to this prospectus, which is based on the consolidated net assets of our Group attributable to equity shareholders of our Company as of September 30, 2013 of RMB1,221.80 million after deduction of intangible assets of RMB4.46 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$1.09 or HK$0.83, being the high or low end of the indicative offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by the Group and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate as set out on page 25 of this prospectus.

(3) The unaudited pro forma adjusted net tangible assets per Share are arrived at after the adjustments referred to above and on the basis that 4,000,000,000 Shares were in issue assuming that the Global Offering was completed on September 30, 2013 but take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share are converted to Hong Kong dollars at the exchange rate as set out on page 25 of this prospectus.

(4) As of December 31, 2013, our properties under development and completed properties held for sale were valued by Savills Valuation, an independent valuer. We do not incorporate the revaluation surplus, representing the excess of market value of these property interests over their book value, in our consolidated financial information because our properties under development and completed properties held for sale are stated at the lower of cost and net realizable value for accounting purpose. The above adjustments do not take into account such revaluation surplus.

No adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2013.

DIVIDEND POLICY

Subject to the Cayman Islands Companies Law and our Articles of Association, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by our Board. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, we declared the dividend of approximately RMB34.1 million, RMB37.6 million, RMB154.4 million and RMB50.5 million, respectively. Considering our financial position, we currently intend, in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders approximately 30% of any net distributable profit of our Group for the financial year ended December 31, 2013. Our Board plans to convene a meeting in mid-April 2014, for the purposes of, among other matters, considering the recommendation of the final dividend for the financial year ended December 31, 2013 which will be paid to our Shareholders of record on the relevant record date. We will duly issue a further announcement in this regard. We plan to regularly review our dividend policy and our Board will determine the amount of our dividends in future periods which will depend on, among other things, general market conditions, our results of operations in each subsequent year and our business development plan. See the subsection headed "Financial Information – Dividend Policy" in this prospectus for further discussion.

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

"AAA Finance"	AAA Finance and Investment Holdings Limited, a limited liability company incorporated in the BVI on July 10, 2013 which is wholly-owned by Mr. Huang Liping, one of our controlling shareholders
"Application Forms(s)"	**WHITE** Application Form(s) and **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on March 12, 2014, to become effective upon the Listing, and as amended from time to time, a summary of which is set out in Appendix VI to this prospectus
"ASP"	the average selling price per sq.m. which is based on unaudited internal management records and derived by dividing turnover from sales of properties by the total GFA sold in a given period
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Barrister"	Mr. George T.Y. Hui, barrister-at-law and a legal counsel advising us on certain aspects of Hong Kong Law
"Biolake"	Biolake (光谷生物城), a large-scale business park owned and developed by the Wuhan local government, which consists of six major industry theme-focused sub-business parks, such as the Wuhan National Biotech Innovation Business Park (武漢國家生物產業創新基地) and the Wuhan Hi-Tech Medical Devices Business Park (武漢高科醫療器械園)

"BNP Paribas", "Sole Sponsor" and "Stabilizing Manager"	BNP Paribas Securities (Asia) Limited, acting as the Sole Sponsor, a Joint Global Coordinator and a Joint Bookrunner of the Global Offering, a corporation licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contract), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of regulated activities under the SFO
"Board"	the board of Directors of our Company
"Business Day"	any day (excluding a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"BVI 3A"	AAA Holdings Limited, a limited liability company incorporated in the BVI on June 17, 1997 and a wholly-owned subsidiary of our Company
"CAGR"	compound annual growth rate, a measurement to assess growth rate over time
"Capitalization Issue"	the issue of Shares to be made upon capitalization of the share premium account of our Company as referred to in the subsections entitled "Appendix VII – Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on March 12, 2014" and "Share Capital – Capitalization Issue" in this prospectus
"Cayman Islands Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"CBRC"	the China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of China and Taiwan
"CMS"	China Merchants Securities (HK) Co., Limited, which is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on March 3, 2014 as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" and "Our/our Company"	Optics Valley Union Holding Company Limited (光谷聯合控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on July 15, 2013 under the Cayman Islands Companies Law
"Controlling Shareholders"	Mr. Huang Liping, AAA Finance and Lidao BVI, both of which are wholly-owned by Mr. Huang Liping
"Director(s)"	director(s) of our Company

"Eligible Applicants"	applicants who have made valid applications for the Hong Kong Public Offer Shares
"Energy Conservation Technology Park"	Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* (武漢光谷節能科技園有限公司), a limited liability company incorporated in the PRC on December 8, 2011 and a 70.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of our Company
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Green Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "Our/our Group", and "We/we" and "us"	our Company and its subsidiaries, or where the context refers to any time prior to its incorporation, those businesses and operations which were assumed by it pursuant to the Reorganization, or where the context requires, any of the businesses and operations that is being carried on by any member of our Group
"Hefei OVU Development"	Hefei Optics Valley Union Development Co., Ltd.* (合肥光谷聯合發展有限公司), a limited liability company incorporated in the PRC on September 13, 2013 and a 92.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of our Company
"Hengxin PTC"	Hengxin Global (PTC) Limited, a limited liability company incorporated in the BVI on August 12, 2013 and our shareholder
"HK 3A"	AAA Finance & Investment Limited (三A銀信投資有限公司), a company incorporated in Hong Kong on December 13, 1996 and a wholly-owned subsidiary of BVI 3A, and thus a subsidiary of our Company
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of China
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Hong Kong Public Offer Shares"	the 100,000,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering") in this prospectus
"Hong Kong Public Offering"	the issue and offer for subscription of the Hong Kong Public Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in "Structure of the Global Offering") at the Offer Price subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms, as further described in "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited, the Hong Kong share registrar of our Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters listed in "Underwriting – Hong Kong Underwriters" in this prospectus, being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated March 17, 2014 relating to the Hong Kong Public Offering and entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and our Company, as further described in "Underwriting" in this prospectus
"Huangshi OVU Development"	Huangshi Optics Valley Union Development Co., Ltd.* (黃石光谷聯合發展有限公司), a limited liability company incorporated in the PRC on January 24, 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

"Hubei Huisheng"	Hubei Huisheng Technology Development Co., Ltd.* (湖北匯盛科技發展有限公司), a limited liability company incorporated in the PRC on December 8, 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Hubei Science & Technology Investment"	Hubei Science & Technology Investment Group Co., Ltd.* (湖北省科技投資集團有限公司), a limited liability company incorporated in the PRC on July 28, 2005 and a substantial shareholder of our Company
"Hubei Technology Enterprise Accelerator"	Hubei Technology Enterprise Accelerator Co., Ltd.* (湖北科技企業加速器有限公司), a limited liability company incorporated in the PRC on May 18, 2012 and an 80.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) not a connected person(s) (as defined in the Hong Kong Listing Rules) of our Company
"Industry Advisor" or "Savills"	Savills Real Estate Valuation (Beijing) Company Limited
"International Offer Shares"	the 900,000,000 Shares initially being offered by our Company for subscription under the International Offering together, where relevant, with any Shares that may be issued by our Company pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional, institutional, corporate and/or other investors at the Offer Price, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering

"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the Joint Global Coordinators, the International Underwriters and our Company on or around the Price Determination Date, as further described in "Underwriting – International Offering" in this prospectus
"Joint Bookrunners"	BNP Paribas, CMS, Haitong International Securities Company Limited, GF Securities (Hong Kong) Brokerage Limited, Changjiang Securities Brokerage (HK) Limited, CCB International Capital Limited and ABCI Capital Limited
"Joint Global Coordinators"	BNP Paribas and CMS
"Joint Lead Managers"	BNP Paribas, CMS, Haitong International Securities Company Limited, GF Securities (Hong Kong) Brokerage Limited, Changjiang Securities Brokerage (HK) Limited, CCB International Capital Limited and ABCI Securities Company Limited
"LAT"	land appreciation tax (土地增值税) as defined in the PRC Provisional Regulations on Land Appreciation Tax of 1994 and its implementation rules, as described in the subsection headed "Part 3 Laws and Regulations Relating to Foreign Exchange And Tax" in Appendix V to this prospectus
"Latest Indebtedness Date"	January 31, 2014, as the latest practicable date for the purpose of determining our Group's indebtedness
"Latest Practicable Date"	March 10, 2014
"Lidao BVI"	Lidao Investment Limited, a limited liability company incorporated in the BVI on July 10, 2013 and our Controlling Shareholder
"Listing"	listing of the Shares on the Main Board
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
"Listing Date"	the date on which dealing in the Shares first commences on the Main Board

"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel to the Growth Enterprise Market of the Hong Kong Stock Exchange
"Memorandum"	the memorandum of association of our Company, conditionally adopted on March 12, 2014, to become effective upon the Listing, and as amended from time to time, a summary of which is set out in Appendix VI to this prospectus
"MLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOC"	the Ministry of Construction of the PRC (中華人民共和國建設部), currently known as the Ministry of Housing and Urban-Rural Development of the PRC
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"MOS"	the Ministry of Supervision of the PRC (中華人民共和國監察部)
"MPS"	the Ministry of Public Security of the PRC (中華人民共和國公安部)
"Mr. Huang Liping"	Mr. Huang Liping (黃立平), one of our Directors and Controlling Shareholders
"NAO"	the National Audit Office of the PRC (中華人民共和國審計署)
"NBS"	the National Bureau of Statistics of China of the PRC (中華人民共和國國家統計局)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%) of not more than HK$1.09 and expected to be not less than HK$0.83, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offer Shares
"Optics Valley Software Park"	Wuhan Optics Valley Software Park Co., Ltd.* (武漢光谷軟件園有限公司), a limited liability company incorporated in the PRC on September 8, 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"OV Energy Conservation Engineering"	Wuhan Optics Valley Energy Conservation Engineering Co., Ltd.* (武漢光谷節能工程有限公司), a limited liability company incorporated in the PRC on January 23, 2013 and a wholly-owned subsidiary of OV Energy Conservation Technology, and an indirect subsidiary of our Company
"OV Energy Conservation Technology"	Wuhan Optics Valley Energy Conservation Technology Co., Ltd.* (武漢光谷節能技術有限公司), a limited liability company incorporated in the PRC on July 26, 2010 and an 80.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"OV Financial Harbour Development"	Wuhan Optics Valley Financial Harbour Development Co., Ltd.* (武漢光谷金融港發展有限公司), a limited liability company incorporated in the PRC on July 24, 2008 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

"Over-allotment Option"	the option to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, pursuant to which our Company is required to allot and issue up to an aggregate of 150,000,000 Shares (representing in aggregate 15% of the Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allotment in the International Offering, details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"OVU Architectural Design Institute"	Wuhan Optics Valley Union Architectural Design Institute Co., Ltd.* (武漢光谷聯合建築設計研究院有限公司), a limited liability company incorporated in the PRC on April 21, 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of China
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before March 3, 2014
"Price Determination Date"	the date, expected to be on or around March 22, 2014 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters), on which the Offer Price will be determined
"Property Valuer" or "Savills Valuation"	Savills Valuation and Professional Services Limited, an international property services group, offering advice on commercial, retail, residential, leisure and other property matters with offices and associates in major cities throughout the world
"Qianbao BVI"	Qianbao Investment Limited, a limited liability company incorporated in the BVI on July 10, 2013 and our shareholder

"Qingdao OVU Development"	Qingdao Optics Valley Union Development Co., Ltd.* (青島光谷聯合發展有限公司), a limited liability company incorporated in the PRC on September 1, 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Regulation S"	Regulation S under the Securities Act
"Reorganization"	the reorganization of the companies within our Group as set out in the section headed "Our History, Reorganization and Group Structure" of this prospectus, pursuant to which our Company has become the holding company of our various subsidiaries
"RMB" or "Renminbi"	the lawful currency of China
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities Act"	the United States Securities Act of 1933, as amended from time to time
"SFC"	Hong Kong Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares of HK$0.10 each in the capital of our Company
"Shareholder(s)"	holder(s) of our Share(s) from time to time
"Shenyang OVU Development"	Shenyang Optics Valley Union Development Co., Ltd.* (瀋陽光谷聯合發展有限公司), a limited liability company incorporated in the PRC on May 29, 2012 and a 95.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

"SMEs"	small and medium enterprise(s)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Technology Investment HK"	Hubei Science & Technology Investment Group (Hong Kong) Company Limited (湖北省科技投資集團(香港)有限公司), a limited liability company incorporated in Hong Kong on July 11, 2013 and a substantial shareholder of our Company
"Track Record Period"	the three years ended December 31, 2012 and the nine months ended September 30, 2013
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"VAT"	value added tax
"**White Form eIPO**"	applying for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider, **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Wuhan East Lake High Technology"	Wuhan East Lake High Technology Group Co., Ltd.* (武漢東湖高新集團股份有限公司), a limited liability company incorporated in the PRC on January 12, 1993 and listed on the Shanghai Stock Exchange (stock code: 600133) and our connected person
"Wuhan Financial Harbour Development"	Wuhan Financial Harbour Development Co., Ltd.* (武漢金融港開發有限公司), a limited liability company incorporated in the PRC on December 5, 2011 and a 70.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

"Wuhan Jitian Construction"	Wuhan Jitian Construction Co., Ltd.* (武漢吉天建設工程有限公司), a limited liability company incorporated in the PRC on June 11, 2001 and a wholly-owned subsidiary, and an indirect subsidiary of our Company
"Wuhan Lido Curtain Wall"	Wuhan Lido Curtain Wall Manufacture Co., Ltd.* (武漢麗島幕牆製造有限公司), a limited liability company incorporated in the PRC on November 17, 2011 and a wholly-owned subsidiary of Wuhan Lido Technology, and an indirect subsidiary of our Company
"Wuhan Lido Human Resources"	Wuhan Lido Human Resources Service Co., Ltd.* (武漢麗島人力資源服務有限公司), a limited liability company incorporated in the PRC on May 15, 2012 and a wholly-owned subsidiary of Wuhan Lido Property Management, and an indirect subsidiary of our Company
"Wuhan Lido Investment"	Wuhan Lido Investment Co., Ltd.* (武漢麗島投資有限公司), a limited liability company incorporated in the PRC on November 8, 2007, which is wholly-owned by Mr. Huang Liping and a former shareholder of Wuhan United Real Estate
"Wuhan Lido Property Management"	Wuhan Lido Property Management Co., Ltd.* (武漢麗島物業管理有限公司), a limited liability company incorporated in the PRC on July 19, 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Wuhan Lido Real Estate Agency"	Wuhan Lido Real Estate Agency Co., Ltd.* (武漢麗島房地產代理有限公司), formerly known as Wuhan Lido Real Estate Management Co., Ltd.* (武漢麗島不動產經營管理有限公司), a limited liability company incorporated in the PRC on February 20, 2012 and a wholly-owned subsidiary of Wuhan Lido Property Management, and an indirect subsidiary of our Company
"Wuhan Lido Technology"	Wuhan Lido Technology Co., Ltd.* (武漢麗島科技有限公司), a limited liability company incorporated in the PRC on December 13, 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

"Wuhan Mason"	Wuhan Mason Property Co., Ltd.* (武漢美生置業有限公司), formerly known as Mason Property (Wuhan) Co., Ltd.* (美生置業 (武漢) 有限公司), a limited liability company incorporated in the PRC on January 11, 2007 and is owned as to 50% by Wuhan Optics Valley Union
"Wuhan MHRB"	the Wuhan Municipal Human Resources Bureau (武漢市人事局)
"Wuhan Minghong"	Wuhan Minghong Technology Development Co., Ltd.* (武漢鳴鴻科技發展有限公司), a limited liability company incorporated in the PRC on February 8, 2001 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Wuhan Optics Valley Union"	Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司, formerly known as 武漢光谷聯合股份有限公司), a limited liability company incorporated in the PRC on July 24, 2000 and a wholly-owned subsidiary of Wuhan United Real Estate, and an indirect subsidiary of our Company
"Wuhan Qianbao Media"	Wuhan Qianbao Media Co., Ltd.* (武漢市千寶廣告傳播有限公司), a limited liability company incorporated in the PRC on December 29, 2003 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Wuhan Qianbao Property"	Wuhan Qianbao Property Co., Ltd.* (武漢千寶置業有限公司), a limited liability company incorporated in the PRC on July 25, 1997 and a former shareholder of Wuhan United Real Estate
"Wuhan Quanpai Catering Management"	Wuhan Quanpai Catering Management Co., Ltd.* (武漢全派餐飲管理有限公司), formerly known as Wuhan Quanpai Hotel Management Consultancy Co., Ltd.* (武漢全派酒店管理諮詢有限公司), a limited liability company incorporated in the PRC on June 7, 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

"Wuhan Real Estate Agency"	Wuhan Optics Valley Union Real Estate Agency Co., Ltd.* (武漢光谷聯合不動產營銷代理有限公司), a limited liability company incorporated in the PRC on September 16, 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Wuhan Shangyuan"	Wuhan Shangyuan Construction Labor Co., Ltd.* (武漢尚源建築勞務有限公司), a limited liability company incorporated in the PRC on November 19, 2012 and a wholly-owned subsidiary of Wuhan Jitian Construction, and an indirect subsidiary of our Company
"Wuhan United Real Estate"	United Real Estate (Wuhan) Co., Ltd.* (聯合置業 (武漢) 有限公司), a limited liability company incorporated in the PRC on July 23, 1993 and a wholly-owned subsidiary of HK 3A, and an indirect subsidiary of our Company
"Wuhan Xuefu"	Wuhan Xuefu Property Co., Ltd.* (武漢學府房地產有限公司), a limited liability company incorporated in the PRC on April 29, 1999 and a 51.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Wuhan Yinxun Human Resources"	Wuhan Yinxun Human Resources Service Co., Ltd. (武漢銀訓人力資源服務有限公司), a limited liability company incorporated in the PRC on January 2, 2014 and is owned as to 51% by Wuhan Optics Valley Union, and an indirect subsidiary of our Company
"Wuhan Ziyuan Hotel Management"	Wuhan Ziyuan Hotel Management Co., Ltd.* (武漢紫緣酒店管理有限公司), a limited liability company incorporated in the PRC on February 1, 2013 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of our Company

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

In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi have been translated into HK dollars or U.S. dollars and vice versa at an exchange rate of RMB0.7900 = HK$1.00 or RMB1.00 = HK$1.2658 or RMB6.1312 = US$1.00, respectively, each being the exchange rate set by the PBOC for foreign exchange transactions prevailing (the "PBOC Rate") as of the Latest Practicable Date and certain amounts denominated in U.S. dollars have been translated into HK dollars and vice versa at an exchange rate of US$1.00

= HK$7.7610, the PBOC Rate as of the Latest Practicable Date. Such conversions shall not be construed as representations that amounts in Renminbi or U.S. dollars were or may have been converted into those currencies and vice versa at such rates or any other exchange rates.

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

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

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

"BPO" or "business process outsourcing"	outsourcing in business services, a segment of the outsourcing industry, which involves the contracting out of operations and responsibilities of specific business functions (or processes) to a third-party service provider (such as those related to financial back-office services)
"ITO" or "information technology outsourcing"	outsourcing in information technology services, a segment of the outsourcing industry, which generally focuses on high-value added activities, such as software development, and research and development
"KPO" or "knowledge process outsourcing"	a sub-category of BPO involving the outsourcing of knowledge and analytical skills and management expertise (such as those related to the areas of data centers, biotechnology, medical devices, energy conservation, environmental protection, and product design and development)
"Strategic Emerging Industries"	the seven innovative industries that the State Council has identified in China's 12th Five-Year Plan (2011-2015) as the core industries which China is focused on for the development of a more advanced and technology-driven economy and upgrading of the industrial structure, including energy efficient and environmental technologies, next generation information technology, biotechnology, high-end equipment manufacturing, new energy, new materials and new-energy vehicles

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

- our business and operating strategies and our ability to implement such strategies;
- our dividend distribution plans;
- our operations and business prospects, including development plans for our existing and future projects;
- demands for the theme-focused business parks in our targeted markets;
- the future competitive environment for the PRC business park development industry;
- the regulatory environment in terms of changes in laws and PRC Government regulations, policies and approval processes in the regions where we operate as well as the general industry outlook for the PRC business park development industry;
- exchange rate fluctuations and restrictions; and
- the general economic trend and outlook of the PRC.

The words “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would” and similar expressions, as they relate to us, in particular, in the sections headed “Business” and “Financial Information” in this prospectus, are intended to identify a number of these forward-looking statements. These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. They reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our financial condition and results of operations may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, unless otherwise stated or required by the context, statements of or references to our intentions or those of any of our directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

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

RISKS RELATING TO OUR BUSINESSES

We are heavily dependent on the performance of the business park market in China

Our business and prospects are subject to the conditions of the PRC business park market. Growth in demand for business parks in the PRC is often coupled with volatility in market conditions and fluctuation in property prices. The PRC business park market is affected by many factors, including changes in the PRC's political, economic and legal environment. Any over-development, market downturn or fluctuations in property prices of business parks in China in general, and in particular our target cities (including Wuhan, Qingdao, Shenyang, Huangshi, Ezhou and Hefei) where we have operations, would have a material adverse impact on our business, financial condition and results of operations. If we do not respond to the changes in economic and regulatory environments, market conditions and customer preferences in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, the PRC Government from time to time changes its fiscal and monetary policies to control and adjust the growth rate of the PRC national economy and local economies, and such control and adjustments may affect the property market in the regions where we currently have, and will in the future have, business park developments. We cannot assure you that our business park development will continue at the levels we achieved during the Track Record Period.

We had negative net operating cash flow for the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, which exposes us to certain liquidity risks

We had negative net cash flow from operating activities of RMB86.4 million and RMB309.1 million for the years ended December 31, 2011 and 2012 and RMB715.4 million for the nine months ended September 30, 2013, respectively, primarily due to our increased land acquisitions and development costs during the Track Record Period as the property development businesses generally require long-term investments and are capital intensive in nature. In addition, our gearing ratio (total debt/total equity x 100%) was 42.3%, 53.7%, 87.1% and 147.5% as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, due to the additional bank borrowings we took to fund our increasing number of development projects.

We cannot assure you that we will not experience negative net cash flow from our operating activities or a high gearing ratio position in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility as well as adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables, and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If the increase in our total borrowings results in our gearing ratios being higher, our capability for external financing will be limited. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Our business parks may no longer be in line with government policies and meet demands from our customers

Our market leadership position for business park development depends on our ability to proactively conduct industrial market research and gain foresight to understand potentials and demands for strategic emerging and innovative industries in the PRC. The PRC Government may, from time to time, adopt new industrial policies and economic measures to guide and further regulate the business park development sector in China. We cannot assure you there will not be any unfavorable change in national and local government policies which could adversely affect customers' demand for business parks and reduce the level of construction activities and capital investments relating to business park developments. In addition, any material downturn in national and local economies will result in a decrease in demand from our customers for our properties. We cannot assure you that local economies in our target cities will continue to grow rapidly or will not experience a downturn and there will not be any reduced demand from customers in relevant industries for theme-focused business parks in the future. Any of these factors could have a material and adverse impact or our business, financial condition and operating results.

Furthermore, there could be delay in our development of new types of business parks focusing on new industries or our entering new cities. We may receive lower than anticipated demands for our new business parks due to our failure to accurately foresee the trends of national and local industrial development or customers' demand or taste. Meanwhile, our competitors could develop and offer new business parks that are comparable or superior to our products or adapt more quickly and successfully to evolving governmental policies, industry trends and customer requirements. As a result, we may lose our market share and our business, financial condition, results of operations and prospect would be materially and adversely affected.

Our business is dependent on the operating performance and financial condition of our major customers

We have historically derived, and expect to continue to derive, over approximately 60% of our overall turnover from sales of properties to our customers. However, we cannot assure you that our customers will continue to purchase properties in our projects from us. If one or more major customers were to cease or reduce their property purchases from us as a result of economic conditions, their financial performance or otherwise, we may experience slowed growth or no growth at all, and our business, financial condition and results of operations would be adversely affected. In addition, in the event that any of our major customers experiences a deterioration in its operating performance and financial condition, they may require us to assume more credit risk in relation to their property purchases from us or our services for them, which could result in us limiting or even discontinuing our business with such customer. If our business dealings with major customers cease or their property purchases materially decline and we are unable to secure new orders from other customers to replace such a loss or reduction, our business, financial condition, results of operations and prospects will be adversely affected.

Our profitability and operating results may be affected by the effectiveness of our business model and our ability to replicate such business model for our expansion in China

Our business model is to develop large-scale business parks with distinctive industry themes which provide our customers with solutions to their needs for business spaces, operating environments, industry specific supporting facilities as well as business operation services. We have established a strong market position in Wuhan, Qingdao and Ezhou. Our success is dependent on our management, operational and capital resources, development and operational expertise, technical know-how, and our knowledge of relevant industries and the needs of our targeted customers. For further information on our business model, see the subsections entitled “Business – Our Business Model” and “Business – Our Competitive Strengths – Our vertically integrated business model, coupled with our strong capabilities and resources, has proved successful, which we have replicated in our business park developments in our target cities” in this prospectus. We have recently started to develop a business project in Huangshi. Moreover, we expect to commence the development of our business park projects in Shenyang and Hefei and plan to further expand to our other target cities, such as Beijing, Shanghai, Xi’an, Chongqing and Tianjin, which we believe may present us with significant growth potential through land acquisitions or acquisition of companies with suitable land reserves.

However, our experience in existing markets and our business model may not be readily transferable to new markets in our target cities. The commercial business park markets in our target cities may be different from each other in terms of the level of local economic development, industrial development, local governmental policies and support, the development phases of local industries, market demand for our business parks, types of business parks to be developed and their development cycles, property markets trends and regulatory practices. We will have limited ability to leverage our established brands and reputation in new markets in the way that we have done in our existing markets. Furthermore, the administrative, regulatory and tax environment in our target cities may be different from each other, and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments in the new markets. Therefore, we may not be able to replicate our business model in our existing markets to these other cities. In addition, we may not have the same level of familiarity with local governments, contractors, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position. Any failure to leverage our experience or failure to understand the business park market of a city to which we want to expand in the PRC may have a material adverse effect on our business, financial condition and results of operations.

As we continue to expand, we will have to continue to improve our managerial, development and operational expertise and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our business park development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal capital sources or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business, nor can we assure you that our expansion plan will not adversely affect our existing operations, financial condition and results of operations.

We may not be able to locate or acquire suitable sites for our future projects at a reasonable cost, or at all

During the Track Record Period, we derived our revenues mainly from sale of business parks and residential properties developed by us. Our ability to generate sustainable revenues depends on whether we can continue to identify and acquire suitable sites for our development projects.

Many cities in China have experienced increases in land costs in recent years and there is a limited supply of suitable land for development in such cities. Our large-scale business parks require sizeable land sites to achieve planned economies of scale, and such land sites may not be readily available. Furthermore, we may not be able to acquire suitable land at reasonable costs. We may also face strong competition from other property developers for the sites we plan to acquire and we cannot assure you that we will be able to acquire these sites at reasonable costs, or at all.

The PRC Government controls all new land supply in the PRC and regulates land sales in the secondary market. As a result, the policies of the PRC Government towards land supply may adversely affect our ability to acquire land use rights for sites we seek to develop and could increase our land acquisition costs. The PRC central and local governments may regulate the means by which property developers obtain land sites for development projects. This could prohibit supply of land available for business park and other property development projects or increase acquisition costs of suitable land sites. Therefore, we may not be able to obtain land sites that are suitable for business park and other development projects at reasonable costs or at all, which would have a material adverse impact on our business, financial condition, results of operations and prospects.

We require substantial capital resources to acquire land and develop our projects and are subject to market demand and policy changes

Business park and other property development is capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete our projects. We finance our development activities primarily through a combination of capital contribution from investors, internally generated funding (including progress payments for customized developments and pre-sale proceeds) and external funding from financial institutions (including bank borrowings).

Our ability to arrange adequate financing for land acquisitions or business park and other developments on terms commercially acceptable to us depends on a number of factors, many of which are beyond our control. We utilize progress payments for customized developments, proceeds from pre-sales and funds generated from our operations as an important source of financing for our business park and other developments. Local governmental policies of our target cities may not have provided the rules allowing pre-sales of properties in respect of business park and other development projects, or may impose restrictions on our ability to receive or prohibit us from receiving payments from either customized development or pre-sales in relation to our business park and other development projects. Furthermore, we may not be able to receive sufficient progress payments or achieve adequate pre-sales to finance a particular development. There could also be a change in the local land policy which requires a substantial increase in the amount of upfront expenditures we must incur before we are able to obtain a pre-sale permit. Any restriction on our ability to receive payments from customers with respect to customized developments or to pre-sell or sell our business parks or other properties, or any restriction on our ability to utilize the pre-sale proceeds as a result of changes to relevant PRC laws and regulations or otherwise, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance various stages of our developments.

In addition, our ability to generate cash also depends on the demand for and prices of our properties and our ability to continually develop and sell or lease our properties. Customers who pay the purchase price in installments under sales or pre-sale contracts may not make timely payments. Any unfavorable change in our ability to generate profits from our operations or our ability to collect installments from the purchasers could have a material adverse impact on our business, financial condition, results of operations and prospects.

Our indebtedness and the conditions and restrictive covenants imposed on us by our loan agreements could materially and adversely affect our business and results of operations

Our indebtedness could materially and adversely affect our business and results of operations. During the Track Record Period, we had a high level of indebtedness. We may continue to incur significant debt to fund our business park and other property developments and pursue our expansion plan. Our ability to meet regularly scheduled interest and principal payments on our indebtedness will depend on our future operating performance and cash flow generated from operations, which in turn will depend on prevailing economic and political conditions and other factors, many of which may be beyond our control. In addition, a high level of indebtedness will expose us to interest rate risks which could substantially affect our ability to generate cash or make a profit if the prevailing interest rate increases.

Furthermore, our loan agreements include various conditions and covenants restricting us from carrying out certain activities and entering into certain transactions unless we obtain lenders' consent, such as taking new financing from third party (including borrowings and issuance of commercial notes and bonds), pledging our equity interests or assets to any third party, providing any guarantees in favor of any third party, making dividend distribution and entering into any transactions involving consolidation, spin-off, share transfer and reorganization. See the subsection headed "Financial Information – Indebtedness, Contingent Liabilities and Net Current Assets – Indebtedness – Restrictive Covenants" in this prospectus for further details. In connection with our current bank loans and other borrowings, we have agreed to comply with these conditions and covenants. If we fail to comply with any of these restrictive covenants under the loan agreements, such breach may constitute an event of default and the lenders will be entitled to accelerate payment of all or any part of the indebtedness. In the event that we are unable to obtain sufficient alternative funding at reasonable terms, our business, prospect, financial condition and results of operations could be adversely affected.

Our inability to meet these conditions and covenants or obtain lenders' consent to carry out restricted activities could materially and adversely affect our business and results of operations. The restrictive covenants of any existing or new bank loan and other borrowings could limit our ability to pay dividends or other distributions to our Shareholders. We may also be significantly restricted in our ability to raise additional capital for our business park and other property developments through bank borrowings and bond or equity issues, or to engage in some transactions that we expect to be of benefit to our business. Any of these limitations or restrictions could have a material and adverse impact or our business, financial condition and operating results.

We experienced delay in the construction commencement of some of our projects for more than one year from the prescribed construction commencement date under the relevant land grant contracts

Under PRC law, if a developer fails to develop land in accordance with the terms of the relevant land transfer contract (including those relating to payment of fees, designated use of the land and time for commencement and completion of the development), the relevant governmental authorities may issue a warning to or impose a penalty on the developer or, in the worst case scenario, resume possession of the land. As advised by our PRC legal advisors, Jingtian & Gongcheng, as of the Latest Practicable Date, the construction commencement of five of our projects, namely the Optics Valley Financial Harbour (Phase I), the Romantic Town, the Wuhan Innocenter (Phase I), the Lido Mason (Phase I) and Lido 2046, had historically been delayed for more than one year from the prescribed construction commencement date under the relevant land grant contracts. Our PRC legal advisors further advised us that under current PRC laws, unless the delay is caused by force majeure, acts of government or their departments concerned, or early preparations necessary for commencement of development as provided in the Measures on Disposing of Idle Land (《閑置土地處置辦法》), if we fail to commence construction for more than one year from the commencement date prescribed in the land grant contract, the relevant PRC land administrative department may serve a warning notice on us and impose an idle land fee of up to 20% of the land grant premium; and if we fail to commence construction for more than two years from the relevant prescribed commencement date, the relevant PRC land administrative department may reclaim the land without compensation. As of the Latest Practicable Date, save for Lido 2046 that is currently under development, all the other four projects have been fully completed. We have also obtained a confirmation letter from Hubei Provincial Land Resources Department (湖北省國土資源廳) on December 27, 2013, confirming that none of these five project construction has breached the PRC laws and regulations, and because construction of these five projects has already commenced, there is no risk that the Group would be subject to any penalties imposed by the relevant authorities due to the idle land issue. Also, as of the Latest Practicable Date, we have not been subject to any penalty or idle land fee imposed by the relevant authorities for our failure to commence construction of the five projects on a timely basis in accordance with the relevant land grant contracts. Furthermore, our ultimate controlling shareholder, Mr. Huang Liping, has undertaken to indemnify us against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines as a result of these delays.

We cannot assure you that we will be able to fully comply with the obligations under the land grant contracts in the future including construction commencement according to the prescribed timeline under the relevant land grant contracts due to factors beyond our control or otherwise, or that we will not be subject to idle land penalties. Furthermore, if any of our land is taken back by the relevant authorities, we will not only lose the opportunity to develop the property, but also lose our prior investments, including land premiums paid and costs incurred. In addition, in the event that the PRC Government exercises its administrative authority to revoke any land use rights granted to us, we may not be compensated for the full market value of the land, or at all, and, as a result, our financial condition and operating performance may be materially and adversely affected.

We are subject to contractual obligations with respect to the minimum tax guarantee and certain other requirements pursuant to the relevant agreements in relation to the Hefei Financial Harbour

Under the project investment agreement we entered into with the local government in Hefei on January 10, 2013, the state-owned land use rights grant contract we entered into with Hefei Municipal Land Resources Bureau (合肥市國土資源局) on September 2, 2013, and the memorandum of understanding we further entered into with the same local government on November 4, 2013 in relation to the Hefei Financial Harbour, we have agreed to use our best efforts to attract companies to establish their businesses in the business park, and in the event that the aggregate tax payables from the companies resident in the business park accumulated from the construction commencement date of the project until the end of the eighth year thereafter are less than RMB250.0 million, we should pay any shortfall and, upon failure to pay such shortfall within a prescribed time limit, pay penalty at a rate of 0.1% of the shortfall per day. See the subsection headed "Business – Property Development – Business Park Development Process – Land Acquisition" in this prospectus for further discussion. In the event that such tax target is not reached by the ninth year after the construction commencement date of the project due to our failure to attract a sufficient number of companies or otherwise, and we are called upon to pay the shortfall and/or penalty as required under the relevant agreements, our business, prospect, financial condition and results of operations could be adversely affected.

In addition, we have agreed to secure a minimum number of companies or their branch offices to establish their businesses in the Hefei Financial Harbour (the "Customer Mix Requirement") following the completion of the project. In the event that we fail to meet the Customer Mix Requirement, we will be required to pay a penalty at the rate of RMB1.5 million per mu (畝) and as the site area of the Hefei project is approximately 171.65 mu, the total penalty that may be imposed on us pursuant to the terms of relevant agreements will be approximately RMB275.5 million. We have also agreed to develop the business park in full compliance with the first-grade green building (綠色建築) requirement (the "Green Building Requirement"). In the event that we fail to meet the Green Building Requirement, we will also be required to pay a penalty at the rate of RMB1.5 million per mu (畝) and the total penalty that may be imposed on us pursuant to the terms of relevant agreements will be approximately RMB275.5 million. Under either of the above circumstances, our business, prospect, financial condition and results of operations could also be adversely affected.

We may not be able to sell, lease or pledge as loan security the properties in respect of which we are in the process of obtaining relevant building ownership certificates

Most of our large-scale business park projects are in different development stages. It generally takes some time for property developers to obtain certificates and permits from and complete requisite procedures with relevant governmental authorities in respect of the properties in each development stage. With respect to certain properties in the final stage of development process, we have obtained the land use rights certificates and other permits required for planning and construction and have completed the sub-divisional acceptance and delivery procedure. From time to time, we acquire certain properties from third parties for various business reasons and pay all the considerations before obtaining the relevant building ownership certificates. In the event that we cannot obtain the building ownership certificates due to any reason attributable to the sellers, we will be unable to sell or pledge the properties. When we are in the process of obtaining relevant building ownership certificates, if we cannot sell or pledge the properties as loan security as we have planned due to any reason, our business, prospect, financial condition and results of operations could be adversely affected.

More stringent PRC requirements affecting funding for property developers may cause us to be unable to obtain capital resources for our development on commercially reasonable terms, or at all

The PRC Government has in recent years introduced numerous policy initiatives in the financial sector to further tighten the requirements for lending to or otherwise restricting the availability of funding for property developers which, among other things:

- prohibit PRC commercial banks from granting loans to property developers for the purpose of paying land premiums;
- prohibit property developers from pre-selling uncompleted units in a project prior to achieving certain development milestones;
- prohibit PRC banks from extending loans to real estate companies to fund the purchase of land use rights;
- prohibit PRC banks from lending to any property developer for a particular project unless such property developer fund at least 20% of the total investment amount of that project from its own capital;
- prohibit PRC banks from lending to any property developer for a particular project if such property developer does not obtain land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project; and
- prohibit property developers from using borrowings obtained from local banks to fund property developments outside that region.

Under relevant PRC policies, financial institutions are required to further review the extension of loans and approval of financing for enterprises, the real estate projects of which have exceeded one full year from the construction commencement dates as specified in the land use right grant contracts, and which have completed development of less than 1/3 of the total land area to be developed or which have invested less than 1/4 of any given building's total investment directly in the construction of the building, and should also strictly control loan extensions and rolling credit. Such measures and any other similar measures in the future may limit our ability to develop a wide variety of products in our future developments.

We cannot assure you that we will be able to obtain sufficient funding to finance intended purchase of land use rights, develop future projects or meet other capital needs as and when required at a commercially reasonable cost or at all. Failure to obtain adequate funding at a commercially reasonable cost may limit our ability to commence new projects or to continue the development of existing projects. Such failure may also increase our finance costs.

We may not be able to obtain land use rights certificates for certain existing properties or properties we may need to acquire in the future

As of the Latest Practicable Date, we are in the process of applying or preparing applications for the land use rights certificates for some of our projects. We cannot assure you that MLR or its local branches will grant us in a timely manner, or at all, appropriate land use rights and issue the relevant land use rights certificates for such projects and other land we need to acquire in the future. In the event that any such issue arises, we may not be able to complete and sell the relevant property developments in accordance with pre-determined schedules, which could have a material adverse impact on our business, financial condition and results of operations.

We have entered into project framework, cooperation or investment agreements with local governments in Qingdao, Huangshi, Ezhou, Hefei and Shenyang to facilitate potential acquisition of land use rights to certain parcels of land located in these cities. These agreements are not land use rights grant contracts, land development agreements or project company acquisition agreements pursuant to which land use rights can be secured with reasonable certainty. We cannot assure you that relevant governmental authorities will grant us the land use rights or issue the relevant land use rights certificates in respect of these parcels of land, or that these agreements will eventually result in our acquisition of relevant land use rights or our entry into any land use rights grant contract with the relevant governmental authorities. If we fail to obtain or experience any material delay in obtaining the land use rights with respect to these parcels of land, our business, financial condition and results of operations may be materially and adversely affected.

We may face uncertainties when obtaining land sites through the acquisition of equity interests in project companies

In addition to increasing our land reserve through public tender, auction and listing-for-sale, we have obtained land sites for four of our projects through acquisition of equity interests in project companies that held land use rights. We may continue to obtain land sites through such acquisitions in the future. We cannot assure you that we will be able to discover all existing significant liabilities or potential liabilities of target companies, which are considered as probable or possible. In addition, after we have acquired the target companies, the relevant PRC governmental authorities may change permitted use of the land sites to which the target companies own the land use rights, thus rendering the land sites unsuitable for our business park or other property development. If any of the undiscovered existing or potential liabilities of the acquired companies are found to be material, or if we are unable to develop business parks or other properties on the land sites to which the acquired companies have the land use rights, our business, financial condition and results of operations may be materially and adversely affected.

We could be subject to risks relating to Wuhan Minghong and the Yishuiyuan Project operated by Wuhan Minghong's prior shareholders

We face risks relating to our subsidiary, Wuhan Minghong, and its Yishuiyun Project as described below:

1. Acquisition of Wuhan Minghong and Separation of the Relevant Two Projects

We entered into equity transfer agreements with two prior individual shareholders of Wuhan Minghong during the period from 2007 to 2008 and acquired the entire equity interests in the company. We further entered into supplemental agreements (collectively, together with the 2007 and 2008 equity transfer agreements, the "Equity Transfer Agreements") with the prior shareholders in 2009 and 2013 to define and clarify the respective rights and obligations with respect to Wuhan Minghong and the management of its development projects. Wuhan Minghong operated two projects at the time of the acquisition: the Yishuiyuan Project (依水園項目), the development of which had been mostly completed before the acquisition, and the Canglongdao Project (藏龍島項目). The purpose of our acquisition of Wuhan Minghong was to acquire the land use rights of the Canglongdao Project for the development of Wuhan Innocenter. Pursuant to the relevant PRC laws and regulations, we may acquire the land use rights of the Canglongdao Project through a direct transfer of land use rights or an equity transfer of Wuhan Minghong. Land use rights of a project may be directly transferred only when at least 25% of the development is completed and relevant governmental authorities approved such transfer. At the time of the acquisition, the Canglongdao Project was in its initial stage of development and did not meet the requirement for completion of at least 25% of the development. Therefore, we acquired the land use rights of the Canglongdao Project through the equity transfer of Wuhan Minghong.

Pursuant to terms of the Equity Transfer Agreements, all the parties agreed that (i) save for the Canglongdao Project, the prior shareholders would continue to wholly control and manage (including financial accounting, custody of relevant approvals and documents, and payment of taxes and other fees) all the businesses and projects of Wuhan Minghong (the "Prior Businesses") which they had controlled and managed prior to October 31, 2008, and (ii) Wuhan Minghong holds the Prior Businesses on behalf of the prior shareholders who agreed to personally assume and settle all the liabilities, penalties and proceedings related to the Prior Businesses and none of the assets in relation to the Canglongdao Project shall be used to settle any of such liabilities, penalties or proceedings. Jingtian & Gongcheng, our PRC legal advisors, have advised us that the Equity Transfer Agreements are legally valid and binding under PRC laws. Two project management departments were established in Wuhan Minghong to manage the Canglongdao Project and the Yishuiyuan Project separately and annual tax filings of the two projects were made to the local tax bureau separately by us and the prior shareholders.

In an effort to further clarify and settle any potential liabilities solely related to the Yishuiyuan Project, in July 2013, Wuhan Minghong issued a public announcement regarding creditors' rights declaration (債權申報公告), pursuant to which any potential creditors related to the Yishuiyuan Project are advised to declare their claims to the prior shareholders. No third party declared any creditor's right or made any other claims against the prior shareholders during the announcement period. In addition, our Controlling Shareholders have undertaken to indemnify us all the damages and losses which we may be liable for relating to the Yishuiyuan Project and other Prior Businesses.

2. Accounting Treatments and Financial Information of the Yishuyuan Project

Based on the relevant agreements relating to our acquisition of Wuhan Minghong and the separate management of the Yishuiyuan Project and the Canglongdao Project by the prior shareholders and our Group, respectively, we have excluded the Yishuiyuan Project from the consolidated financial information of our Group since the acquisition. Therefore, our consolidated financial information for the Track Record Period as contained in the Accountants' Report in Appendix I to this prospectus excludes the financial information of the Yishuiyuan Project in accordance with the IFRS. See the subsection headed "Financial Information – Basis of Preparation and Presentation of Our Financial Statements – Wuhan Minghong" in this prospectus for further discussion.

According to the annual filings regarding the Yishuiyuan Project by the prior shareholders to the local tax authority, the total assets attributable to the Yishuiyuan Project were RMB4.0 million, RMB3.6 million and RMB3.5 million as of December 31, 2010, 2011 and 2012, and the revenue generated from the Yishuiyuan Project remained as nil during the Track Record Period as the development and sale of properties in the project had been mostly completed before such period. In addition, according to the notifications by the local tax bureau, the prior shareholders settled LATs in relation to the development and sale of properties in the Yishuiyuan Project.

3. Potential Risks Relating to the Yishuyuan Project

Notwithstanding the agreements between us and the prior shareholders of Wuhan Minghong, no declaration or claim by any third party during the publication period of the announcement relating to the Yishuiyuan Project, and the indemnification from our Controlling Shareholders, we could be subject to legal actions and administrative proceedings arising from the development of the Yishuiyuan Project because of our legal ownership in Wuhan Minghong. If there have been any commercial disputes with lenders, suppliers and property owners relating to the Yishuiyuan Project, these third parties may institute legal actions against our Group. In addition, regardless of outcomes of the disputes, defending ourselves in these legal actions could incur significant expenses and require our management's attention. If we are not successful in defending ourselves in such legal actions, we may be liable for a significant amount of damages.

Although our Controlling Shareholders have undertaken to indemnify us against all the damages and losses which we may be liable for in relation to the Yishuiyuan Project, any negative publicity from legal actions or administrative proceedings could also adversely affect our reputation. Furthermore, if there has been any non-compliance with national and local laws, rules and regulations during the development of the Yishuiyuan Project, relevant governmental authorities may impose sanctions, penalties or fines, initiate administrative proceedings, or issue unfavorable governmental decrees, against our Group.

We may face uncertainties when acquiring equity interests in target companies

We acquired equity interests in target companies from third parties in the past. We acquired a 45% equity interest in Wuhan United Real Estate from a third party in September 1998 and subsequently discovered that the transferor had been struck off and dissolved in February 1996. We have obtained a court order to restore the transferor and validate our title to such 45% equity interest in Wuhan United Real Estate. In addition, we acquired a 10% equity interest in Wuhan United Real Estate, a 100% equity interest in Optics Valley Software Park and a 50% equity interest in Wuhan Mason from certain state-owned enterprises, respectively. However, the transfers were not in compliance with the applicable rules governing the transfer of state-owned entities, and the relevant SASAC authority has the right to require the transferors to rectify the non-compliance or may seek a court order to nullify the transfers. See the subsection headed "Our History, Reorganization and Group Structure – Our Subsidiaries" in this prospectus for further discussion. We may continue to acquire equity interests in target companies in the future. We cannot assure you that we will be able to discover all existing or potential liabilities of target companies or issues relating to share transfers that could adversely affect our equity interests in the acquired companies. If any of the undiscovered existing or potential liabilities of the acquired companies or issues relating to share transfers are found to be significant or even nullify the share transfers and invalidate our equity interests in the acquired companies, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations may be materially and adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for our business park and other property developments

The property industry in the PRC is heavily regulated by the PRC Government. Property developers in China must comply with various requirements mandated by national and local laws and regulations, including policies and procedures established by local authorities designed for implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licenses, certificates and other approvals from relevant administrative authorities including a land use rights certificate, a construction land planning permit, a construction works planning permit, a construction works commencement permit and a pre-sale permit or confirmation of completion and acceptance. Each approval may depend on the satisfaction of certain conditions. See the subsection headed "Regulations – Laws and Regulations Relating to Real Estate Development – Development of a Real Estate Project" in this prospectus for further discussion.

We cannot assure you that we will not encounter material delays or other impediments in fulfilling conditions precedent to such approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the business park and other property development sectors in particular, or that we will be able to meet requirements of particular processes with respect to regulatory approvals. There may also be delays on the part of relevant regulatory bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, requisite governmental approvals, the schedule of completion and sale of our developments could be substantially disrupted and any such disruption would materially and adversely affect our business, results of operations and financial condition. Furthermore, the relevant governmental authorities may not approve our project development plans and we may need to amend such plans in order to obtain necessary permits. Amendment to our development plans may cause delays to our development schedules and have a material and adverse effect on our business and results of operations.

Our business and prospects could be adversely affected by competition

We are subject to competition with respect to our businesses. Competition among business park and other property developers and operators may result in increased costs for acquisition of land for development, higher costs for raw materials, shortages of skilled contractors, oversupply of property developments, decrease in property prices in our target cities in China, a slowdown in the rate at which new property developments will be approved and/or reviewed by relevant governmental authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business, results of operations and financial condition.

Certain of our competitors, particularly state-owned property developers and operators, are well capitalized and have greater financial, marketing and other resources than we have. Some competitors also have larger land banks, greater economies of scale, broader name recognition, longer track records and more established relationships with local governments, contractors, suppliers and customers in certain markets. Such property developers and operators may be able to respond to changes in market conditions more promptly and effectively than we can, or may be more competitive in acquiring land through auction or other processes. If we are unable to maintain a competitive position with respect to acquisition of land, adapt to changing market conditions or otherwise compete successfully with our competitors, our prospects, business, financial condition and results of operations may be materially and adversely affected.

In addition, we face intense competition as to our business operation services and our services for developing, managing and operating business parks owned by third parties. Competition in such businesses is based on quality of services, brand name recognition, geographic coverage, fee rates and scope of services. As compared to the development of one's own business parks, providing such services does not require significant capital commitments. This low entry barrier allows new competitors to enter the market with relative ease. New and existing competitors may offer competitive rates, greater convenience or superior services, which could attract customers away from us, resulting in lower market shares and revenues. Competition among companies providing such services may cause a decrease in fees we receive and higher costs to attract or retain talented employees. Furthermore, some of our competitors may be smaller in size but may be more established and have greater market presence and brand name recognition at a local or regional level, while certain competitors are large national and international firms that could have more financial or other resources as compared to us. If we fail to compete effectively, our business to provide business operation services and development management services may suffer and our results of operations may be materially and adversely affected.

We may not be able to meet project development schedules and complete our projects on time, or at all

Development of large-scale business parks and other property projects involves a complex process that lasts for a long period of time and contains many inherent risks that could prevent the development from being completed as originally planned. Construction of a particular project may take several years before it can generate positive cash flows through pre-sales, sales and leasing, and timing and costs involved in completing a particular project could be materially and adversely affected by many factors, including, among others:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities including, but not limited to, delays in assisting our customers to obtain necessary individual property ownership certificates;
- relocation of existing site occupants and demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes and adverse weather conditions; and
- changes in market conditions.

Delays in, or any failure to complete, any construction of a particular project according to its designed specifications, or planned schedule or budget may damage our reputation and lead to a loss of revenues, potential penalties arising from late delivery of our properties, as well as result in an increase in construction costs. If we do not complete our projects on time, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We may be required to bear demolishment and resettlement costs associated with some of our developments and such costs may increase

We may be required to compensate owners and residents of demolished buildings for their relocation and resettlement in accordance with relevant PRC urban housing demolition and relocation regulations. The compensation we will have to pay is calculated in accordance with formulae published by relevant local authorities. These formulae take into account locations, types of buildings subject to demolition, local income levels and many other factors. We cannot assure you, however, that these local authorities will change or adjust their formulae with sufficient advance notice. Under such circumstances, land costs may be subject to substantial increases, which could adversely affect our cash flow, results of operations and financial position. In addition, if we fail to reach an agreement over the amount of compensation with any existing owner or resident, either we or such owner or resident likely apply to relevant authorities for a ruling on the amount of compensation. Dissenting owners and residents may also refuse to relocate. Such administrative process or any resistance or refusal from owners or residents to relocate may delay the timetable of our development projects or, in some cases, even prevent their completion. Further, any unfavorable final ruling may require us to pay more than the requisite amount under normal situation. Any of these events could have a material adverse effect on our business, results of operations and financial position.

Our failure to meet all requirements for issuance of property ownership certificates may render us liable to compensate our customers

Once a property project has passed requisite completion inspections, we are required to deliver such completed developments to our purchasers within a timeframe provided in formal purchase agreements. If any delay occurs, we may be liable to our purchasers for monetary penalties, which would have an adverse impact on our reputation and business operations.

Under relevant PRC regulations, after receipt of certificate of completion for relevant buildings in property developments, we are required to submit requisite governmental approvals, including land use rights documents and planning and construction permits, to the local bureau of housing administration and to apply for general property ownership certificates. We are then required, within stipulated periods after delivery of the properties, to submit relevant property sale and purchase agreements, identification documents of purchasers, proof of payment of deed tax, and general property ownership certificate, for the bureau to review and issue a property ownership certificate to the purchaser. Any delay by various administrative authorities in reviewing relevant applications and granting approval may affect timely delivery of a property ownership certificate. We may become liable to purchasers for monetary penalties for any late delivery. While we have not experienced any delays with respect to delivery of completed property developments or issuance of property ownership certificate to date, we cannot assure you that such delays will not occur in the future. In the event of serious delays with respect to any of our major property projects, our business and reputation would be adversely affected.

We provide guarantees for mortgages taken out by our customers and if a significant number of these guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected

We generally pre-sell our properties before construction is completed to the extent we are permitted to do so under the relevant laws and local government policies of our target cities. In accordance with the property industry practice in China, we are required to provide guarantees for mortgages provided by banks to our customers until completion of construction and property ownership certificates and certificates of other interests in the property are submitted to these banks. During the effective periods of such guarantees, if a customer defaults on a mortgage and a mortgagee bank enforces the guarantee against us, we will have to repay the full mortgaged amount owed by the customer to the mortgagee bank. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage. In line with the industry practice, we do not conduct any independent credit checks but only rely on the results of customer credit check conducted by the mortgagee banks.

We cannot assure you that defaults will not occur in the future or that we will not suffer any loss as a result of such defaults. In addition, if a significant number of customers default on their mortgages and our guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected to the extent that there is a material depreciation in value of the properties from the price paid by the customer or that we are unable to sell such properties at a price not less than the mortgaged amount due to unfavorable market conditions or other reasons.

Our business, financial condition and results of operations may be materially and adversely affected if interest rates increase in the future

Changes in interest rates have affected, and will continue to affect, our financing costs and, ultimately, our results of operations. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the interest expenses of our bank borrowings incurred were RMB43.9 million, RMB67.3 million, RMB131.1 million and RMB114.4 million, respectively. Increases in interest rates may also affect our customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase our properties. We cannot assure you that PBOC will not raise lending rates further or otherwise discourage bank borrowings or that our business, results of operations and financial position will not be materially adversely affected as a result.

We may be subject to higher LAT rates in the future

In accordance with the provisions of the PRC Provisional Regulations on Land Appreciation Tax of 1994 and its implementation rules (the "LAT Regulation"), all persons including companies and individuals that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities must pay LAT at 30% to 60% on any appreciation gain in respect of the land and improvements on such land, with certain exemptions available for the sale of ordinary residential properties if the appreciation amounts do not exceed 20% of the deductible expense items as defined in the LAT Regulation. Sales of commercial properties and luxury residential properties are not eligible for such exemption. A more detailed description of the LAT Regulation is set forth in the subsection headed "Summary of Principal Legal and Regulatory Provisions – Part 3 Laws and Regulations Relating to Foreign Exchange and Tax – B. Major Taxes Applicable to the Operations of the Group – Land Appreciation Tax" in Appendix V to this prospectus.

We have prepaid LAT with reference to our pre-sale proceeds. We made LAT prepayments of nil, RMB13.1 million, RMB3.2 million and RMB4.9 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. In addition, we made LAT provisions based on our turnover from sales of properties in our projects. We made LAT provision of RMB75.9 million, RMB65.2 million, RMB64.7 million and RMB74.5 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. As of the Latest Practicable Date, we had not received any official exemption or confirmation with respect to our LAT liabilities for any period despite our LAT prepayments and provisions during the Track Record Period. The PRC authorities may use different methods to assess our LAT obligations in the future. We cannot assure you that we will not be subject to higher LAT rates in the future, which may have an adverse effect on our financial condition and results of operations.

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

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

We depend heavily on the continuing services of our senior management team and other key personnel

Our success depends on the continued services provided by our executive Directors and members of our senior management. Competition for talented employees is intense in the PRC property industry. We are particularly dependent on our Chairman, Mr. Huang Liping, as well as other senior management members for their management expertise and business visions to lead our Company and their industry knowledge and relationships with national and local governments, our substantial shareholder and major customers, which are crucial to our business and operations. If we lose the services of any core management team member and fail to find a suitable substitute in a timely manner, our business will be adversely impacted.

We may be subject to liability to environmental violations

We are subject to a variety of laws and regulations concerning protection of health and the environment. The particular environmental laws and regulations that apply to any given development site vary greatly according to location, environmental condition, present and former uses, as well as adjoining properties. Compliance with environmental laws and conditions may result in delays, cause us to incur substantial compliance and other costs, and severely restrict project development activities in environmentally sensitive regions or areas.

As required by PRC laws and regulations, we have engaged independent environmental consultants to conduct environmental impact assessments for our development projects and the environmental investigations conducted up to date have not revealed environmental violations that would have any material adverse impact on our business, financial condition and results of operations. It is possible that these investigations did not reveal all potential environmental violations or their full magnitude, and that there could exist material environmental liabilities of which we are unaware. We cannot assure you that our procedures will be effective in fully preventing non-compliance in the environmental area. If any part of our development projects is found to be non-compliant with applicable environmental laws or regulations, we may be forced to suspend operations as well as subject to fines and other penalties, which may materially and adversely affect our business, financial condition and results of operations.

Our Controlling Shareholders have substantial control over our company and their interests may not be aligned with the interests of our other public minority Shareholders

Immediately following the Global Offering, our Controlling Shareholders will remain to exert substantial control over our issued share capital. As a result, subject to our Memorandum and Articles of Association and the Cayman Islands Companies Law, our Controlling Shareholders, by virtue of their controlling ownership of our share capital and their positions on our Board of Directors, will be able to exercise significant control or influence over our business or otherwise on matters of significance to us. Certain matters for which our Controlling Shareholders could have significant control or influence in determining the outcome include, among others:

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

The interests of our Controlling Shareholders may differ from the interests of our other public minority Shareholders and our Controlling Shareholders are free to exercise their votes according to their interests. In the event that there is a divergence of our strategic and other interests from those of our Controlling Shareholders in the future, the Controlling Shareholders may exercise control over us in ways that conflict with the interests of our other Shareholders, and the interest of minority shareholders could be disadvantaged.

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

We may be involved from time to time in disputes with various parties related to the development, sales, operation and leasing of our business parks and other properties, including employees, contractors, suppliers, construction companies, customers and tenants. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may have disagreements with regulatory bodies in the ordinary course of our business, which may subject us to administrative proceedings and unfavorable orders or injunctions that will result in liabilities and cause delays to our business park and other property developments. We cannot assure you that we will not be so involved in any major legal or other proceedings in the future.

Disputes with our joint venture or project development partners may materially and adversely affect our business

We carry out some of our business through joint ventures or in collaboration with other third party business parties. Such joint venture arrangements or collaboration involve a number of risks, including:

- disputes with our partners in connection with performance of their obligations under relevant joint venture agreements or cooperative property development agreements;
- disputes as to scope of each party's responsibilities under these arrangements;
- financial difficulties encountered by our partners affecting their ability to perform their obligations under relevant joint venture agreements or cooperative property development agreements; or
- conflicts between policies or objectives adopted by our partners and those adopted by us.

Any of these and other factors may materially and adversely affect our business.

Our limited insurance may not cover claims arising from construction-related personal injuries or other damages and losses to our business

We generally do not carry insurance against all potential losses or damages with respect to our projects other than the group accident insurance against personal injury for construction employees of Wuhan Jitian Construction. We do not maintain insurance coverage in respect of other group companies against liability arising from personal injuries or tortious acts related to construction of our projects. During the Track Record Period, Wuhan Lido Property Management compensated an employee in the amount of RMB160,000 and Wuhan Lido Technology compensated an employee in the amount of RMB350,000 as a result of construction-related injuries.

Due to the nature of construction work, risks of accidents or personal injuries to workers are inherent and cannot be completely eliminated. Claims from injured employees or third parties may fall outside the scope and limit of our current insurance coverage for construction employees of Wuhan Jitian Construction. In addition, outcome of any claim is subject to relevant parties' negotiation, court decisions or adjudications of relevant authorities. If we are sued or held liable for damages and losses arising from construction-related personal injuries or other tortious acts, we cannot assure you that our insurance coverage would be sufficient to cover such losses, damages and liabilities.

Moreover, our business may be adversely affected due to occurrence of natural disasters and other unanticipated catastrophic events, with respect to which we do not carry any insurance. Furthermore, there are certain losses for which no insurance is available on commercially practicable terms, such as losses suffered due to earthquake, nuclear contamination, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in connection with our property developments, we may not have sufficient financial resources to cover fully such losses, damages or liabilities or to replace any development that has been destroyed, and may lose all or a portion of our investment in the affected properties and anticipated future income from such properties. Any such material uninsured loss could have a material adverse effect on our business, financial condition and results of operations.

We may be affected by the performance of external contractors and costs of construction materials

We engage third-party contractors to carry out various services relating to our development projects, including design, building foundation, construction, equipment installation, electromechanical and pipeline engineering, elevator installation, landscaping and interior decoration. We generally select third-party contractors through a tender process taking into consideration of track record, past performance, reputation for reliability, quality, safety, references, proposed delivery schedule and cost estimate. Any such third-party contractor may fail to provide satisfactory services at the level of quality or within the timeline required by us. In addition, completion of our business park and other property developments may be delayed, and we may incur additional costs, due to a contractor's financial or other difficulties. If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the cost structure and development schedule of our projects and could have a negative impact on our reputation, credibility, financial position and business operations. In addition, as we plan to expand our business into other cities, such as Beijing, Shanghai, Xi'an, Chongqing and Tianjin, there may be a shortage of third-party contractors that meet our quality standards and other selection criteria in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors.

In addition, we procure construction materials through our external contractors or by ourselves. If the costs of construction materials increase beyond the agreed pre-determined price, the external contractors may request to transfer such increase to us or to increase the contractor fees. Furthermore, we typically pre-sell our properties prior to their completion to the extent that we are legally permitted to do so and we will be unable to pass the increased costs on to our customers if construction costs increase subsequent to the time of such pre-sale. If there is a material increase in the costs of construction materials and building equipment, and we cannot pass such increase to either our construction contractors or to the customers of our property developments, our results of operations may be negatively affected.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to materially adverse changes in the performance of our investment properties

As of December 31, 2013, we had investment properties with an aggregate GFA of approximately 50,733 sq.m. Investment properties are illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by prospective purchasers would be acceptable to us. We also cannot predict length of time needed to find customers and complete such sale. In addition, we may be required to expend funds to maintain properties, repair defects or make improvements before a property can be sold. We cannot assure you that we would have sufficient funds available to do so.

Furthermore, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand, increased supply of properties from competitors or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures and we cannot assure you that we will have such funds available. These reasons and any other factor that would impede our ability to respond to material adverse changes in performance of our investment properties may have a material adverse impact on our business, financial condition and results of operations.

Deterioration in our brand names and corporate image could adversely affect our business

We rely to a significant extent on our brand names and our corporate images to attract potential customers to our business parks and other property developments. Any negative incident or publicity concerning us or our property developments or any of our long-term corporate and individual residents in our property developments could adversely affect our reputation and business prospects. Brand value is based largely on consumer perceptions with subjective elements and can be damaged even by isolated business incidents. Consumer demand for our products and our brand value could diminish significantly if we fail to preserve quality of our products, or fail to deliver a consistently positive consumer experience in our property developments, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity could have a material adverse effect on our business, results of operations and financial position.

RISKS RELATING TO THE PROPERTY INDUSTRY IN CHINA

Our operations are subject to extensive governmental regulations, and in particular, we are susceptible to changes in policies related to the property industry in China

Our business is subject to extensive governmental regulations. As with other PRC property developers, we must comply with various requirements under PRC laws and regulations, including policies and procedures established by local authorities designed for implementation of such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control of foreign exchange, taxation, availability of financing and foreign investment. These measures include raising benchmark interest rates of commercial banks, placing additional limitations on the ability of commercial banks to make loans to property developers, imposing additional taxes and levies on property sales and restricting foreign investment in the PRC property sector. Many of the property industry policies carried out by the PRC Government are unprecedented and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of such policies. This refining and adjustment process may not necessarily have a positive effect on our operations and future business development.

In addition, the PRC Government has recently implemented new measures to curtail the overheating of the real estate sector. We cannot assure you that the PRC Government will not adopt additional and more stringent industry policies and regulations in the future. If we fail to adapt our operations to new policies and regulations that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business prospects or cause us to incur additional costs, our business, results of operations and financial position may be materially adversely affected.

Changes of PRC laws and regulations with respect to pre-sales may adversely affect our cash flow position and business performance

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their developments. In August 2005, PBOC issued a report entitled "2004 Real Estate Financing Report," in which it recommended the discontinuation of the practice of pre-selling uncompleted properties as it creates significant market risks and generates transactional irregularities. This and other PBOC recommendations have not been adopted by the PRC Government. However, we cannot assure you that the PRC Government will not adopt such recommendations and abolish the practice of pre-selling uncompleted properties or implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. In addition, local governments in different cities may not have relevant policies and measures in place with respect to pre-sales of the properties in business park and other development projects, particularly when the underlying land is granted for industrial uses. Any measures restricting the pre-sales of our property developments may materially adversely affect our cash flow position and force us to seek alternative sources of funding to finance our project developments.

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

We face uncertainty relating to the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers (《關於加強非居民企業股權股權轉讓所得企業所得稅管理的通知》) ("SAT Circular No. 698") issued by the PRC State Administration of Taxation, effective as of January 1, 2008

Pursuant to SAT Circular No. 698, except for the purchase and sale of equity through a public securities market, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company (an "Indirect Transfer"), and the overseas holding company is located in a tax jurisdiction that has an effective tax rate of less than 12.5% or does not tax foreign income of its residents, the non-resident enterprise, being the transferor, must report such Indirect Transfer to the competent tax authority relating to the PRC resident enterprise. Using a "substance over form" approach, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such an Indirect Transfer may be subject to PRC tax at a rate of up to 10%. SAT Circular No. 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income in respect of the transaction.

There is uncertainty as to the application of SAT Circular No. 698. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction to request information from a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated as to how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the competent tax authority relating to the relevant PRC resident enterprise remain unclear. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Circular No. 698 may be determined by the tax authorities to be applicable to our

Reorganization, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may become at risk of being taxed under SAT Circular No. 698 and may be required to expend valuable resources to comply with SAT Circular No. 698 or to establish that we should not be taxed under SAT Circular No. 698, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We may not be able to obtain, extend or renew qualification certificates for our business parks and other property developments or other business activities

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

Furthermore, as we are engaged in property service business, we are required to obtain relevant qualification certificates from competent PRC governmental agencies for the provision of such services. In addition, we are engaged in development management services for business park and residential projects and are required to obtain relevant qualification certificates such as construction qualifications and survey and design qualifications. We cannot assure you that we will be able to pass the annual verification of relevant qualification certificates or that we will be able to obtain new qualification certificates required for our business in the future. If we are unable to obtain, renew or maintain relevant qualification certificates, we may not be permitted to continue our relevant business operations, which could materially and adversely affect our business, financial condition and results of operations.

The terms on which mortgage loans are available, if at all, may affect our sales

Some of our customers rely on mortgages to fund their purchases of our properties. An increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the affordability of properties. In addition, the PRC Government and commercial banks may also increase down payment, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

Under current PRC laws and regulations, banks are allowed to finance purchase of commercial properties which have been completed and passed completion acceptance inspection. In relation to the building for business or industry use in the commercial property, the minimum down payment for buyers has increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark interest rate and maximum maturities of no more than 10 years. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. In relation to the buildings for residential use in the business park and other property developments, on April 17, 2010, the State Council issued the "Circular on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities" (《國務院關於堅決遏制部分城市房價過快上漲的通知》) which stipulated that proportion of down payment for the first residential property that is larger than 90 sq.m. shall not be less than 30% of the purchase price; proportion of down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not less than 1.1 times the benchmark lending rate published by the PBOC. On January 26, 2011, the General Office of the State Council issued the "Circular concerning Further Strengthening the Control of the Real Estate Market" (《進一步做好房地產市場調控工作有關問題的通知》). This circular, among others, provides that the proportion of minimum down payment for second residential property purchases is raised from 50% to 60%, and the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC. In the third quarter of 2013, the local governments in several cities (including Wuhan, Shenyang, Shanghai, Hangzhou and Guangzhou) further implemented measures to increase the down payment requirements in respect of mortgages for second home purchases from 60% to 65%, or from 60% to 70%, as the case may be, in respective cities.

In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers up until the property ownership certificates and certificates of other interests with respect to the properties are delivered to the mortgagee banks upon completion. If there are changes in laws, regulations, policies or practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sale and pre-sale of our properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale of our properties, which could materially adversely affect our cash flow, business, results of operations and financial position. We cannot assure you that changes in laws, regulations, policies or practices which may prohibit or restrict property developers from providing guarantees to banks in respect of mortgages offered to property purchasers will not occur in China in the future.

RISKS RELATING TO CHINA

Our business, financial condition and results of operations are heavily impacted by the political and economic situation in the PRC

The PRC economy has experienced significant growth over the past few decades. However, the PRC economy has shown signs of potential slowdown or downturn in recent periods. In addition, the PRC Government may from time to time implement measures to control the rate of economic growth in China. As a result, we cannot assure you that the PRC economy will continue to grow at its historical rate, or at all, in the future.

The PRC economy differs from the economies of most developed countries in many respects, including structure, government involvement, level of development, economic growth rate, control of foreign exchange, allocation of resources and balance of payment position. For the past three decades, the PRC Government has implemented economic reform measures emphasizing utilization of market forces in development of the PRC economy. Although we believe these reforms will have a positive effect on the PRC's overall long-term development, we cannot predict whether changes in the economic, political and social conditions of the PRC will materially and adversely affect our current or future business, financial condition, results of operations or prospects. Moreover, even if new policies may benefit us in the long-term, we cannot assure you that we will be able to successfully adjust to such policies. If there is a further slowdown in the economic growth of the PRC, or if the PRC economy experiences a recession, demand for our business parks and residential properties may also decrease and our business, financial condition, results of operations and operations may be materially and adversely affected.

In addition, demand for our products may be affected by a variety of factors, many of which may be beyond our control, including:

- political stability or changes in social conditions within the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- the imposition of additional restrictions on currency conversion and remittances abroad.

Any significant changes in relation to any of these factors may materially and adversely affect our business, financial condition, results of operations and prospects.

We may be treated as a resident enterprise for PRC tax purposes under the EIT Law, which could result in unfavorable tax consequences to us and our non-PRC shareholders

We are incorporated under the laws of the Cayman Islands, but substantially all of our operations are in China. Under the EIT Law and its implementation rules, an enterprise incorporated in a foreign country or region may be classified as either a "non-resident enterprise" or a "resident enterprise". If an enterprise incorporated in a foreign country or region has its "de facto management bodies" located within China, such enterprise will be considered a PRC tax resident enterprise and will normally be subject to the enterprise income tax of 25% on its worldwide income. The relevant implementation rules define "de facto management bodies" as those which exercise substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties and other aspects of an enterprise. In April 2009, the State Tax Bureau issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies 《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》, or the Circular 82, which sets forth certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in mainland China. However, the Circular 82 only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals. Substantially all of the members of our management are currently located in China and we expect them to continue to be located in China. Due to the lack of clear guidance on the criteria pursuant to which the PRC tax authorities will determine our tax residency under the EIT Law, it remains unclear whether the PRC tax authorities will treat us as a PRC resident enterprise for tax purposes. As a result, if we are deemed to be a PRC tax resident enterprise, we will be subject to an enterprise income tax rate of 25% on our worldwide income, and be obligated to withhold PRC income tax on the gross amount of dividends we pay to our Shareholders who are non-PRC tax residents. The withholding income tax rate is 10%, unless otherwise provided under applicable double taxation treaties between China and the government of the relevant foreign tax jurisdiction where a Shareholder resides. In addition, if we are deemed to be a PRC resident enterprise for tax purposes under the EIT Law, gains on sales or other transfers of the Offer Shares by an investor may also be treated as income derived from sources within the PRC and be subject to PRC tax.

Fluctuations in the value of RMB may have a material adverse impact on your investment

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC. In 2005, the PRC Government changed its policy of pegging the value of RMB to the U.S. dollar. Under the new policy, RMB is permitted to fluctuate within a band against a basket of currencies determined by the PBOC, against which it could rise or fall by as much as 0.3% each day. On May 21, 2007, the PRC Government further widened the daily trading band to 0.5%. Between July 21, 2005 and December 31, 2009, RMB has appreciated significantly against the U.S. dollar. In June 2010, the PRC Government indicated that it would make the foreign exchange rate of RMB more flexible, which increases the possibility of sharp fluctuations of RMB's value in the near future and the unpredictability associated with RMB's exchange rate. On April 16, 2012, the PRC Government further widened the daily trading band to 1%. Nevertheless, there still remains significant international pressure on the PRC Government to further liberalize its currency policy, which could result in further and more significant fluctuations in the value of RMB against the U.S. dollar.

Any significant revaluation of the RMB may have an adverse effect on our turnover and financial condition and the value of any dividends payable on the Shares in foreign currency terms. To the extent that we need to convert our proceeds in Hong Kong dollars from the Listing into the RMB amount for our operations, appreciation of RMB against the Hong Kong dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we need to convert our RMB funds into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against RMB would have a negative effect on the Hong Kong dollar amount to be converted into.

We are subject to the PRC Governmental control of currency conversion

The PRC Government imposes controls on convertibility of RMB into foreign currencies and, in certain cases, remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in availability of foreign currencies may restrict the ability of our PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local SAFE branch by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as repayment of bank borrowings denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

China's legal system is still developing and there are inherent uncertainties that may affect the protection afforded to our business and Shareholders

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system.

Recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

We are a holding company that substantially relies on dividend payments from our subsidiaries for funding, and our corporate structure may limit our ability to receive dividends from, and transfer funds to, our PRC subsidiaries, which could restrict our ability to act in response to changing market conditions and reallocate funds from one affiliated PRC entity to another in a timely manner

We are a holding company incorporated in the Cayman Islands and operate our core business through our subsidiaries in China. Therefore, the availability of funds to us to pay dividends to our shareholders and to service our indebtedness depends upon dividends received from these subsidiaries. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profits as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries are currently subject to or may enter into in the future may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions. Therefore, these restrictions on availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders and to service our indebtedness.

Distribution by our PRC subsidiaries to us other than as dividends may be subject to governmental approval and taxation. Any transfer of funds from our Company to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including relevant administration of foreign exchange or relevant examining and approval authority. In addition, it is not permitted under PRC laws for our PRC subsidiaries to directly lend money to each other. Therefore, it is difficult to change our plans with respect to use of funds or capital expenditure plans once the relevant funds have been remitted from our Company to our PRC subsidiaries. These limitations on free flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions and reallocate funds from one PRC subsidiary to another in a timely manner.

The national and regional economies in China and our prospects may be materially and adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as avian influenza A (H5N1 and H7N9) virus and influenza A (H1N1) virus

Some regions in China, including our target cities where we operate, are susceptible to epidemics. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of Severe Acute Respiratory Syndrome or SARS or an outbreak of any other epidemics in China, such as avian influenza A (H5N1 and H7N9) virus and influenza A (H1N1) virus or other widespread communicable disease, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may materially and adversely affect our business, financial condition, results of operations and prospects.

You may experience difficulties in effecting service of process, enforcing foreign judgments or bringing original actions in China against us or our Directors or officers

We are a company incorporated under the laws of the Cayman Islands, but substantially all of our operations and assets are located in China. Substantially all of our Directors and officers reside in China, and substantially all of their assets are located in China. As a result, it may be difficult or impossible for you to effect service of process upon us or our Directors and officers.

Moreover, China does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in the United States, the Cayman Islands and most other western countries. As a result, recognition and enforcement in China of the judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Furthermore, an original action may be brought in China against us or our Directors or officers only if the actions are not required to be arbitrated by PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

RISKS RELATING TO OUR GLOBAL OFFERING

There has been no prior public market for our Shares. The market prices and liquidity of our Shares following the Global Offering may be volatile

Prior to the Global Offering, there has been no public market for our Shares. Following the completion of the Global Offering, the Hong Kong Stock Exchange will be the only market on which our Shares are listed. We cannot assure you that an active, liquid public trading market for our Shares will develop upon the present Listing on the Hong Kong Stock

Exchange. In addition, following the Global Offering our Shares may trade in the public market below the Offer Price. The Offer Price will be determined by agreement among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price of our Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

The trading price of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, and elsewhere in the world. In particular, performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong, and in particular other property development companies, may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC companies have listed their securities, or are in the process of preparing to list their securities, in Hong Kong. Some of the recently listed companies have experienced significant share price volatility, including significant declines, after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards companies listed in Hong Kong whose operations are primarily in China, and, consequently, may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the share price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our turnover, earnings and cash flow, or occurrence of any of the risks described elsewhere in this section, could cause the market price of our Shares to fluctuate substantially. Any of these factors may result in large and sudden changes in the price and trading volume of our Shares.

Future sales of substantial amounts of our securities in the public market (or transactions perceived as sales) could have a material adverse impact on the prevailing market price of our Shares

The market price of the Offer Shares could decline as a result of future sales of a substantial number of Shares or other securities relating to the Offer Shares in the public market or the issuance of new Shares or other securities, or the perception that such sale or issuances may occur. Future sale of substantial amounts of our securities, including any future offerings, or the perception that such sale is likely to occur, may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem to be appropriate.

In addition, the Shares held by our Controlling Shareholders are subject to a lock-up period. See the subsection headed "Underwriting – The Hong Kong Public Offering – Undertakings under the Hong Kong Underwriting Agreement" in this prospectus for further details. While we are not aware of any intentions of these shareholders to dispose of a significant number of their Shares after the completion of the lock-up periods, we are not in a position to give any assurances that they will not dispose of any Shares they may own. Future sale of a substantial number of our Shares by our Controlling Shareholders following the completion of the relevant lock-up periods could materially and adversely affect the prevailing market price of our Shares.

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

The Offer Price of our Shares is higher than the value of the net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the value of the pro forma adjusted net tangible assets of HK$0.63 per Share based on the maximum offer price of HK$1.09 per Share.

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

There are no assurances that we will pay dividends in the future

Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition, amount of distributable profits based on IFRS, our Memorandum and Articles of Association, the Cayman Islands Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. See the subsection headed "Financial Information – Dividends and Distributable Reserves" in this prospectus for further discussion. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

Certain facts and other statistics with respect to China, the PRC economy and the PRC property industry in this prospectus are derived from various official government sources and third-party sources and may not be reliable

Certain facts and other statistics in this prospectus relating to China, the PRC economy and the PRC property development industry have been derived from various official government publications and third-party sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced based on other sources. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics.

You should rely on this prospectus, and not place any reliance on any information contained in press articles or other media, in making your investment decision

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Prior or subsequent to the publication of this prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials published by us in compliance with the Hong Kong Listing Rules. We have not authorized any such press and media reports, and any financial information, financial projections, forecast, valuations and other information about us contained in such unauthorized press and media coverage may not truly reflect what is disclosed in this prospectus. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. To the extent that any such information appearing in the press and media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus and the Application Forms.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules and exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Hong Kong Listing Rules following the completion of the Global Offering. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant, waivers from strict compliance with the requirements under Chapter 14A of the Hong Kong Listing Rules in respect of these continuing connected transactions. See the section headed "Connected Transactions" in this prospectus for further discussion.

MANAGEMENT PRESENCE

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

Given that substantially all of our principal business and operations are located, managed and conducted in the PRC, and all of our executive Directors currently reside in the PRC, we consider that it would be practically difficult and commercially unnecessary to either relocate our executive Directors who are based in the PRC to Hong Kong or to appoint an additional executive Director who is ordinarily resident in Hong Kong. We do not have, and do not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Hong Kong Listing Rules. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements of Rule 8.12 of the Hong Kong Listing Rules and the following arrangements have been made for maintaining regular and effective communication with the Hong Kong Stock Exchange:

(a) we have appointed our Director, Mr. Huang Liping, and one of our joint company secretaries, Ms. Leung Ching Ching ("Ms. Leung"), as our two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. Both of the authorized representatives will be available to meet the Hong Kong Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Hong Kong Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives will be authorized to communicate on behalf of our Company with the Hong Kong Stock Exchange;

(b) each of the authorized representatives has means to contact all members of the Board (including the independent non-executive Directors) and the senior management team promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors and the senior management team;

(c) all Directors and authorized representatives have provided their mobile phone numbers, office phone numbers, fax numbers and email addresses (where applicable) to the Hong Kong Stock Exchange;

(d) Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and are able to meet the Hong Kong Stock Exchange upon reasonable notice; and

(e) we have also appointed a compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules for the period commencing from the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first financial year commencing after the Listing Date. The compliance advisor will act as an additional channel of communication with the Hong Kong Stock Exchange and will have full access at all times to the authorized representatives, the Directors and other officers of our Company to ensure that we are in a position to provide responses to any queries or requests from the Hong Kong Stock Exchange in respect of our Company. The compliance advisor will also provide professional advice on matters relating to compliance with the Hong Kong Listing Rules and other obligations for companies listed in Hong Kong.

COMPANY SECRETARY

According to Rules 8.17 and 3.28 of the Hong Kong Listing Rules, an issuer must have a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Institute of Chartered Secretaries, (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance or (iii) a certified public accountant as defined in the Professional Accountants Ordinance.

Our Company has appointed Ms. Zhang Xuelian ("Ms. Zhang") and Ms. Leung as joint company secretaries. Ms. Leung, being a member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries, satisfies the requirements under Rules 8.17 and 3.28 of the Hong Kong Listing Rules. While the Directors consider Ms. Zhang is capable of discharging her duty as a company secretary of the Company by virtue of her academic background, professional qualifications and experience (as detailed in the section headed "Directors and Senior Management" in this prospectus), she is not a member of The Hong Kong Institute of Chartered Secretaries or a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a certified public accountant (as defined in the Professional Accountants Ordinance) as required under Rule 3.28 of the Hong Kong Listing Rules.

Therefore, our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 8.17 and 3.28 of the Hong Kong Listing Rules and the following arrangements have been made to satisfy those requirements:

(a) Ms. Leung will work closely with Ms. Zhang to jointly discharge the duties and responsibilities as company secretaries of our Company and assist Ms. Zhang to acquire the relevant knowledge and experience as required under the Hong Kong Listing Rules;

(b) Ms. Leung has been appointed as a joint company secretary of our Company for a term commencing from March 6, 2014 and ending on the date which is three years from the Listing Date, a period which should be sufficient for Ms. Zhang to acquire the relevant knowledge and experience required by the Hong Kong Stock Exchange;

(c) our Company will further ensure that Ms. Zhang has access to the relevant training and support to enable her to familiarize herself with the Hong Kong Listing Rules and the duties required of a company secretary of an issuer listed on the Hong Kong Stock Exchange. Our Company's Hong Kong legal advisor has provided training relating to the Hong Kong Listing Rules to Ms. Zhang; and

(d) upon expiry of Ms. Leung's initial term of appointment as a joint company secretary of our Company, we will evaluate Ms. Zhang's experience in order to determine if she has acquired the qualifications required under Rule 3.28 of the Hong Kong Listing Rules and whether ongoing assistance should be arranged. The waiver will be revoked if Ms. Leung ceases to provide assistance to Ms. Zhang as our joint company secretary.

FINANCIAL STATEMENTS IN THIS PROSPECTUS

The Accountants' Report set out in Appendix I to this prospectus includes financial information for each of the three years ended December 31, 2010, 2011 and 2012 and for the nine months ended September 30, 2013.

Rule 4.04 of the Hong Kong Listing Rules requires that we include in this prospectus the consolidated results of our Group in respect of the three years ended December 31, 2013.

Rule 13.49 of the Hong Kong Listing Rules further requires us to publish our preliminary results for the year ended December 31, 2013 not later than three months after the end of the financial year, that is March 31, 2014, after Listing.

We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 4.04(1) and Rule 13.49(1) of the Hong Kong Listing Rules on the condition that (i) we list on the Hong Kong Stock Exchange on or before March 31, 2014; (ii) we have obtained a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1) of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (iii) we have included in this prospectus the unaudited financial information of our Company for the year ended December 31, 2013 and the relevant commentary, which follow the same content requirements as for a preliminary results announcements under Rule 13.49(1) of the Hong Kong Listing Rules, and which has been agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; and (iv) we are not in breach of our constitutional documents or laws and regulations of the Cayman Islands or other regulatory requirements regarding our obligation to publish preliminary results announcements.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that we set out in this prospectus a statement as to the gross trading income or sales turnover during the three years preceding the issue of this prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable break-down between the more important trading activities. Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires that we include in this prospectus a report by the auditors with respect to the profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

We have applied for, and the SFC has granted us, a certificate of exemption from strict compliance with the requirements under section 342(1) of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the inclusion of the audited financial statements for the full year ended 31 December 2013 in the prospectus. Strict compliance with the requirements under section 342(1) of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome on us as there would not be sufficient time for us and our reporting accountants to prepare full year audited accounts for the year ended December 31, 2013 prior to the issue of this prospectus.

We have included in Appendix III to this prospectus the preliminary financial information and a commentary on the results for the year in respect of the year ended December 31, 2013, which follows the same content requirements as for a preliminary results announcement under Rule 13.49(1) of the Hong Kong Listing Rules, and we are not in breach of the Articles or laws and regulations of the Cayman Islands or other regulatory requirements regarding our obligation to publish preliminary results announcements. Our Directors have confirmed that (i) they have performed sufficient due diligence on our Group to ensure that as of the date of this prospectus, there has been no material adverse change in our Group's financial and trading positions or prospect since September 30, 2013 and there is no event since September 30, 2013 which would materially affect the information set out in the Accountants' Report; and (ii) they believe that the waiver from strict compliance with the requirements under Rule 4.04 and Rule 13.49(1) of the Hong Kong Listing Rules and the exemption from strict compliance with the requirements under section 342(1) of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will not prejudice the interests of the investing public as all information that is reasonably necessary for potential investing public to make an informed assessment of the activities or financial position of our Group have already been included in this prospectus. The Company will comply with the requirements under Rule 13.46 of the Hong Kong Listing Rules to publish and despatch its annual report for the year ended December 31, 2013 by April 30, 2014.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

UNDERWRITING

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

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

SELLING RESTRICTIONS

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

INFORMATION ON THE GLOBAL OFFERING

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

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

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

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

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

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants should consult their professional advisors if they are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in our Shares. It is emphasized that none of our Group, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, agents or advisors or any other person involved in the Global Offering accepts responsibility for the tax effects or liabilities resulting from your subscription for, purchase, holding, disposal of or dealing in our Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

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

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

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

OVER-ALLOTMENT AND STABILIZATION

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

In connection with the Global Offering, our Company is expected to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Global Coordinators (on behalf of the International Underwriters) no later than 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 150,000,000 Shares, representing 15% of the total number of Shares initially available under the Global Offering, to, among other things, cover over-allotment in the Global Offering, if any.

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

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

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

STRUCTURE OF THE GLOBAL OFFERING

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

ROUNDING

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

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Huang Liping (黃立平)	7 Mei Garden No. 497 Luoshi Road Hongshan District, Wuhan Hubei Province, China	Chinese
Hu Bin (胡斌)	No. 701, Block F Ying Garden No. 497 Luoshi Road Hongshan District, Wuhan Hubei Province, China	Chinese
Chen Huifen (陳惠芬)	35-B22, No. 66 Lane 7 Wuluo Road Wuchang District, Wuhan Hubei Province, China	Chinese
Non-executive Directors		
Lu Jun (盧俊)	No. 1, 8/F No. 151-3 Qiuchang Road Jiang'an District, Wuhan Hubei Province, China	Chinese
Shu Chunping (舒春萍)	Room 802, Block G Fengyuan, Lidao Garden Luoshinan Road Hongshan District, Wuhan Hubei Province, China	Chinese

Name	Residential Address	Nationality
Independent Non-executive Directors		
Qi Min (齊民)	Room 2001 No. 26, Hongshan Road Wuchang District, Wuhan Hubei Province, China	Chinese
Leung Man Kit (梁民傑)	16/F, Flat A Ho King View, 2 Braemar Hill Road Hong Kong	Chinese
Zhang Shuqin (張樹勤)	No. 35-15, Guizishanxi Village Hongshan District, Wuhan Hubei Province, China	Chinese

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Center 8 Finance Street Central Hong Kong
Joint Global Coordinators	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Center 8 Finance Street Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central Hong Kong

Joint Bookrunners	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Center 8 Finance Street Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	GF Securities (Hong Kong) Brokerage Limited 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Changjiang Securities Brokerage (HK) Limited Suite 1908, 19/F, Cosco Tower 183 Queen's Road Central Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	ABCI Capital Limited Room 701, 7/F, One Pacific Place 88 Queensway Hong Kong

Joint Lead Managers	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Center 8 Finance Street Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	GF Securities (Hong Kong) Brokerage Limited 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Changjiang Securities Brokerage (HK) Limited Suite 1908, 19/F, Cosco Tower 183 Queen's Road Central Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	ABCI Securities Company Limited Room 701, 7/F, One Pacific Place 88 Queensway Hong Kong

Legal advisors to our Company	*as to Hong Kong law* **Paul Hastings** 21-22/F Bank of China Tower 1 Garden Road Hong Kong
	as to PRC law **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing, China
	as to Cayman Islands law **Appleby** 2206-19 Jardine House 1 Connaught Place Central, Hong Kong
Legal advisors to the Underwriters	*as to Hong Kong law* **Morrison & Foerster** 33/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
	as to PRC law **Commerce & Finance Law Offices** 6F, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing, China
Reporting accountants	**KPMG** 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong
Property Valuer	**Savills Valuation and Professional Services Limited** 23/F, Two Exchange Square Central, Hong Kong

Industry Advisor	**Savills Real Estate Valuation (Beijing) Company Limited** 2101 East Tower, Twin Towers B-12 Jianguomenwai Avenue Chaoyang District Beijing, PRC
Receiving banks	**Standard Chartered Bank (Hong Kong) Limited** 15/F Standard Chartered Tower 388 Kwun Tong Road Hong Kong
	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street, Central Hong Kong
	Wing Lung Bank Limited Wing Lung Bank Building 45 Des Voeux Road, Central Hong Kong

Registered office	Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in the PRC	Block D, Exhibition Centre Guanshan First Avenue Optical Valley Software Park Donghu New Technology Development Zone Wuhan, Hubei PRC
Place of business in Hong Kong	Unit 2902, 29th Floor China Insurance Group Building No. 141 Des Voeux Road Central Hong Kong
Company website	**www.ovuni.com** (information contained on this website does not form part of this prospectus)
Joint company secretaries	Ms. Zhang Xuelian Ms. Leung Ching Ching (HKICS, ICSA)
Authorized representatives	Mr. Huang Liping 7 Mei Garden No. 497 Luoshi Road Hongshan District Wuhan, Hubei Province China Ms. Leung Ching Ching Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Mr. Leung Man Kit *(Chairman)* Ms. Shu Chunping Mr. Qi Min

Remuneration Committee	Mr. Qi Min *(Chairman)* Mr. Hu Bin Ms. Zhang Shuqin Mr. Leung Man Kit Ms. Shu Chunping
Nomination Committee	Mr. Huang Liping *(Chairman)* Mr. Qi Min Ms. Zhang Shuqin
Financial Control Committee	Mr. Huang Liping Mr. Wang Yuancheng Ms. Huang Min
Compliance Advisor	**GF Capital (Hong Kong) Limited** 29/F and 30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Cayman Islands principal share registrar and transfer office	**Appleby Trust (Cayman) Ltd.** Clifton House 75 Fort Street PO BOX 1350 Grand Cayman KY1-1108 Cayman Islands

Principal banks

Hankou Bank Guang Gu Branch
Building A5, Guanggu Ruanjianyuan
Special No.1 Guanshan Avenue
Donghu New Technology
Development Zone
Hongshan, Wuhan
Hubei Province, China

Bank of Communications Wuchang Branch
No. 80 Zhong Nan Road
Wuchang District, Wuhan
Hubei Province, China

Industrial and Commercial Bank of China Donghu Development Zone Branch
No. 648 Luoyu Road
Hongshan, Wuhan
Hubei Province, China

China Development Bank Hubei Branch
Chutian Media Plaza
181 Donghu Street
Wuchang District, Wuhan
Hubei Province, China

The information and statistics set out in this section have been extracted, in part, from various official government publications and a market research report prepared by Savills (the "Savills Report") and commissioned by us. We believe that these sources are appropriate sources for such information and statistics and reasonable care has been exercised by us in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and their respective directors, advisors and affiliates has independently verified such information and statistics. Accordingly, none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and their respective directors, advisors and affiliates or any other party involved in the Global Offering makes any representation as to the accuracy of such information and statistics, which may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC.

THE PRC ECONOMY

China is the world's third-largest country in terms of total land area spanning approximately 9.6 million square kilometers, and is the world's most populous country with a population of approximately 1.36 billion as of December 31, 2013. The table below sets out selected economic statistics of China for the periods indicated:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR
Population (million people)	1,284.5	1,292.3	1,299.9	1,307.6	1,314.5	1,321.3	1,328.0	1,334.5	1,340.9	1,347.4	1,354.0	1,360.7	0.5%
Nominal GDP (RMB Trillion)	12.0	13.6	16.0	18.5	21.6	26.6	31.4	34.1	40.2	47.3	51.9	56.9	15.2%
GDP Growth Rate (%)	9.1	10.0	10.1	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.7	–
Per Capita GDP (RMB)	9,398	10,542	12,336	14,185	16,500	20,169	23,708	25,608	30,015	35,198	38,420	41,805	14.5%
Per Capita Annual Disposable Income of Urban Households (RMB)	7,703	8,472	9,422	10,493	11,760	13,786	15,781	17,175	19,109	21,810	24,565	26,955	12.1%
Fixed Asset Investment (RMB Trillion)	4.3	5.6	7.0	8.9	11.0	13.7	17.3	22.5	25.2	31.1	37.5	43.7	23.3%

Source: NBS

The PRC Government has committed to maintain the economic growth in China. Key trends of the PRC economic development include, among others, the following three areas.

(1) Upgrading and Restructuring of Industries. China's 12th Five-Year Plan (2011-2015) has further reinforced the PRC Government's policy and strategic goal to stimulate domestic demand and adjust industrial structure so as to reduce the reliance on investment and export for its economic growth and to promote domestic consumption. The PRC Government intends to develop seven "Strategic Emerging Industries", namely, biotechnology, new energy, high-end equipment manufacturing, energy conservation and environmental protection, clean-energy vehicles, new materials and next-generation information technology as the backbone of China's economy.

(2) New Urbanization Trend. China has experienced rapid urbanization in the past few decades. The PRC Government has increasingly recognized the importance and necessity of developing a new model of urbanization under which people do not just simply relocate to urban areas, but more importantly their various needs for career and social advancement and a better living environment can be addressed. The new leadership of the PRC Government has recently promoted the concept of "new urbanization" to achieve such objectives as industrial modernization, optimized allocation of resources and domestic growth. As part of their urbanization plan, local governments have generally promoted the development of commercial business parks and particularly in some cities, the development of large-scale commercial business parks integrated with surrounding areas to form new city centers.

(3) Development and Business Innovation of SMEs. The national and local governments have promulgated laws and regulations to create a favorable policy environment for the development of SMEs. They have also provided incentives and measures for overseas talents to establish startup companies focusing on fast-growing, emerging industries. As a result, SMEs have experienced rapid growth in recent years and brought innovative technologies, products and services in relevant industries.

THE PRC COMMERCIAL BUSINESS PARK MARKET

Overview

Definition

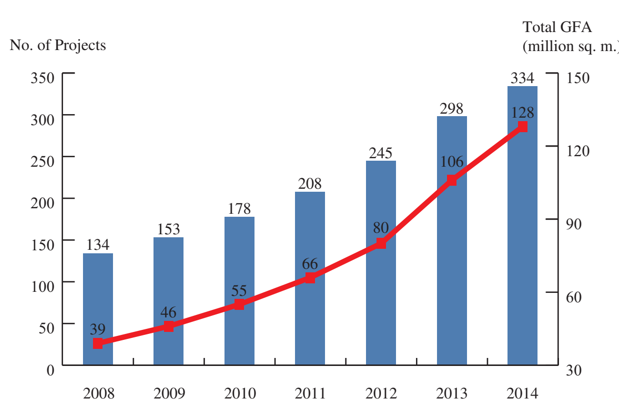
According to the Urban Land Institute, a global nonprofit research and education organization, business parks generally consist of multiple buildings with designed capacities to accommodate various business uses (such as light industrial and office space) in an integrated park-like setting with supporting facilities.

According to Savills, as a commercial business park developer and operator, we operate our business in the commercial business park market in China. As stated in the Savills Report, commercial business parks in China are mostly developed in economic development zones by privately-owned and state-owned developers and operators which derive revenue from sale, leasing and operation of property developments and operate their businesses in a commercialized mode. Commercial business parks in China are generally of large-scale and typically comprise different kinds of developments with supporting facilities that cater to the needs of a large number of companies across various industries (including large multinational corporations, SMEs and start-up companies). Companies can choose from ready-built developments with general characteristics that meet certain industrial standards and construction quality requirements. They may also have customized developments designed and constructed by commercial business park developers and operators or themselves on vacant land to meet their particular business demands. The newest generation of commercial business parks in China is large-scale developments which integrate with fully-functional living communities and provide a full range of business, residential, retail and other leisure facilities, thereby forming new city centers and driving up the growth of local economies.

The PRC commercial business market started to emerge in China in the late 1990s to 2000, when the PRC Government adopted a policy of promoting economic development zones as part of its strategic efforts to stimulate domestic growth and upgrade China's industrial structure. As an increasing number of privately-owned and state-owned developers and operators started to engage in the development and operation of commercial business parks in the economic development zones with the main objectives to develop operational expertise and derive corporate revenue, the PRC commercial business park market emerged. Since then, the PRC commercial business park market has experienced rapid growth with commercial business parks increasingly driving up the development and expansion of economic development zones in China.

Supply of PRC Major Commercial Business Park Markets

The chart below sets forth the total supply information of the commercial business park markets in 20 Chinese cities (including Beijing, Changchun, Chengdu, Chongqing, Dalian, Guangzhou, Hangzhou, Hefei, Jinan, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Tianjin, Wuhan, Wuxi, Xiamen and Xi'an) covering at least 90% of the PRC commercial business park market. The total GFA supply of commercial business parks in these markets grew from 2008 to 2013 at a CAGR of 22.2% and the total number of commercial business park projects increased for the same period at a CAGR of 17.3%.



Source: Savills

Geographical Analysis of PRC Commercial Business Park Market

According to the Savills Report, China's commercial business park market consists of the following three categories:

(1) the relatively mature markets in first-tier cities in China (such as Beijing, Shanghai and Guangzhou), major cities located in the Yangtze River Delta with rapid growth in the outsourcing industries (such as Suzhou, Wuxi, Nanjing and Hangzhou), as well as Dalian, the largest software outsourcing base in China, with the general characteristics of: (a) large scale of local industries which are in the process of upgrading and restructuring, (b) a significant demand for service outsourcing industries, and (c) a relatively long history of commercial business park development;

(2) the growth markets in second- or third-tier cities in China (such as Wuhan, Qingdao, Hefei, Chengdu, Shenyang, Xi'an and Tianjin), whose commercial business park developments are relatively shorter in history and smaller in scale and where local outsourcing industries are on a smaller scale than those in the relatively mature markets. Local governments of these cities have proactive and comprehensive urban and industrial development plans. They offer generous incentives to attract experienced commercial business park developers and operators and high quality companies. These cities also possess competitive advantages of cost and talent reserve and will become new economic centers in China; and

(3) the niche markets in prefecture level cities in China (such as Ezhou and Huangshi in Hubei province) with the development of the commercial business park industry being at very early stages. Commercial business park projects are generally large-scale and significant to local economies.

Drivers for Growth of the PRC Commercial Business Parks

According to the Savills Report, the commercial business park industry in China is expected to continue to grow and the key drivers for such growth include the following factors.

- ***Growth of Economic Development Zones***. The growth of the economic development zones in China has created and will continue to create significant demands for commercial business parks. The total output of high technology companies in the economic development zones in China increased from RMB4,438.0 billion in 2007 to RMB10,568.0 billion in 2011 at a CAGR of 24.0% and the total revenue of these companies increased from RMB5,493.0 billion in 2007 to RMB16,569 billion in 2012 at a CAGR of 24.7%.

- ***Strong Government Support***. In line with governmental policies to promote the restructuring and upgrading of industries and urbanization, local governments generally zone designated areas for economic development, sell land in such areas at favorable prices for commercial business park developments and provide a series of incentives and favorable policies, including, among others, subsidies and tax holidays for companies resident in the economic development zones, and housing subsidies and other allowances to their employees.

- ***Better Land Utilization and Planning by Governments***. By having enterprises operating in various industries aggregated in designated areas or zones through zoning or other measures, local governments can use land more efficiently from a planning perspective, because companies in different industries can share infrastructure development, supporting facilities and other resources.

- ***Rising Selling and Rental Prices of Office Space in Core Urban Areas***. According to the Savills Report, the ASP of office space in major Chinese cities increased from RMB8,378 per sq.m. in 2008 to RMB12,300 per sq.m. in 2012 at a CAGR of 10.8%. The average monthly rental price for grade A office space in these cities increased from RMB128.9 per sq.m. in 2008 to RMB158.9 per sq.m. in 2013 at a CAGR of 4.3%. The rising selling and rental prices of office space in the core urban areas in Chinese cities have driven and are expected to continue to drive up demand for new commercial business park developments in China.

- ***Industry Clustering***. Industry clustering or clusters refers to "geographic concentrations of firms, suppliers, related industries and specialized institutions in particular fields that are present in particular locations", according to Michael E. Porter, a leading authority on competitive strategy. Empirical studies show that the industry clustering within a location primarily leads to, among others, a high-level concentration of industry-specific resources, talents, know-how and expertise, as well as increased exchange and intermixing of knowledge, know-how and expertise among enterprises. Silicon Valley in the U.S. and Zhongguancun in China are two widely cited examples of successful industrial clusters in the technology sector.

- ***Increase in Research and Development Investment***. According to the Savills Report, China's spending on research and development reached a historic new high of RMB1.2 trillion in 2013, representing 2.09% of China's total GDP for that year. China ranked second in total research and development spending in the world in 2013, coming only after the United States. In addition, an increasing number of multinational corporations have relocated their research and development operations to China due to China's competitive advantages in cost, talent reserves and various other areas.

- ***Growth of Outsourcing Industry***. The PRC Government promotes and supports the growth of the outsourcing industry, which generally consists of (i) BPO, such as financial back-office services; (ii) ITO, such as software development, and research and development; and (iii) KPO, such as data centers, biotechnology, medical devices, energy conservation, environmental protection, and product design and development. According to the Savills Report, China's outsourcing industry has grown significantly in recent years, with the total revenue reaching US$95.5 billion in 2013, almost 22 times compared to that in 2006, and ranked second globally, only after India. The total contracted amount increased from US$7.0 billion in 2008 to US$95.5 billion in 2013 at a CAGR of 68.6% with the contracted amount of domestic outsourcing activities increasing from US$1.2 billion in 2008 to US$33.2 billion in 2013 at a CAGR of 94.2%.

- ***Development and Business Innovation of SMEs***. According to Savills, business parks, which have served as bases of incubation and development for SMEs, are expected to experience rapid growth due to the significant demand from SMEs for business spaces. According to the Ministry of Science and Technology, the office spaces in business parks rented by SMEs increased approximately 5 times to 30.4 million sq.m. from 2002 to 2010.

Our sustainable growth has been primarily driven by strong support from national and local governments, trend of industry clustering in relation to business park development, rising selling and rental prices of office space in core urban areas of our target cities, and growth of the PRC outsourcing industry.

Outlook

According to the Savills Report, the market supply of commercial business parks in China is estimated to increase gradually in the next five years, as many local governments are actively promoting the development of the commercial business parks in their cities or local districts to stimulate the sustainable growth of local economies. The market demand for commercial business parks in China is estimated to remain very strong throughout the next decade, primarily due to the increasing urbanization level, economic restructuring and other growth drivers as stated above. According to the 2012 China Service Outsourcing City Investment Attractiveness Assessment by Devott[1], Wuhan, Qingdao, Shenyang and Hefei where we have presence ranked among the top ten cities whose outsourcing industries are expected to experience the most rapid growth in the PRC.

Competitive Landscape

The competition in the PRC commercial business park market is relatively low. Compared to the PRC office property market, the PRC commercial business park market has a shorter history and a smaller market size with commercial business parks developed primarily in approximately 20 first- and second-tier cities.

Barriers to Entry

Barriers to entry for the PRC commercial business park market are high. Developers must possess in-depth industry knowledge, a good understanding of governmental policies on industrial development and demands from customers in relevant industries, technical know-how, operational expertise and capabilities to provide a range of business operation services. In addition to ready-built business spaces with standardized facilities, the developers must also have capabilities to develop customized properties in business parks equipped with well-developed infrastructure and industry-specific supporting facilities meeting the particular requirements for customers' business operations. The developers must also have good relationships with local governments in order to participate in projects within local industrial and technological development zones.

Note:

(1) Based in Tianjin with offices in Shanghai and the U.S., Devott is an independent research and advisory service provider in China's outsourcing and technology markets.

National Ranking

The table below sets forth the top ten commercial business park developers and operators in China in terms of the total GFA of their completed projects, projects under development and projects planned for future development as of December 31, 2013:

Rank	Commercial Business Park Developer and Operator	Total GFA[1]	Number of Business Parks	Industry Theme
		('000 sq.m.)		
1.	Tian'an Cyber Park (Group) Co., Ltd. (天安數碼城集團)	9,468	14	Telecommunications, software development and financial services
2.	**Wuhan Optics Valley Union Group Company Limited (武漢光谷聯合集團有限公司)**	**8,688[2]**	**11**	**Financial services, digital media, industrial design, information technology ("IT"), software development, environmental technology, next generation IT, and marine science and technology**
3.	Beijing Science Park Development (Group) Co., Ltd. (北京科技園建設(集團)股份有限公司)	7,447	7	IT and software development, biotechnology, new energy and new material
4.	China Merchants Group (招商局集團)	6,051	8	Creative industries and next generation IT
5.	Shui On Group (瑞安集團)	4,108	2	IT and software development, creative industries
6.	Beijing Liandong Investment (Group) Co., Ltd. (北京聯東投資(集團)有限公司)	3,720	11	Targeting enterprises from different manufacturing and service sectors and no distinctive industry themes
7.	Yida Group Co., Ltd. (億達集團)	3,714	6	IT, software development, next generation IT and biotechnology
8.	ABP (China) Holdings Group Limited (總部基地控股集團)	3,660	3	Targeting enterprises from different manufacturing and service sectors and no distinctive industry themes
9.	Wuhan East Lake High Technology Group Co., Ltd. (武漢東湖高新集團股份有限公司)	2,667	5	Software and information service, biotechnology and environmental technology
10.	Shanghai Pudong Software Park Co., Ltd. (上海浦東軟件園股份有限公司)	2,360	3	IT and software development

Source: Savills

Notes:

(1) Including both saleable GFA and non-saleable GFA such as car parks, storage warehouses and other space that is not included in the plot ratio.

(2) Our total GFA as of December 31, 2013 included the total GFA of 2,042,999 sq.m. in respect of completed projects developed by us (excluding the GFA of 71,203 sq.m. in respect of the Lido Mason (Phase I) and the GFA of 206,007 sq.m. in respect of other properties), the total GFA of 1,059,634 sq.m. in respect of projects under development (excluding the GFA of 80,524 sq.m. in respect of the Lido Mason (Phase II)) and the total GFA of 5,379,162 sq.m. in respect of projects planned for future development. The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason.

As noted by Savills, there has not yet developed an industry-wide, commonly adopted method in the PRC commercial business park industry for ranking commercial business park developers and operators. Savills is of the view that its current methodology is appropriate for ranking commercial business park developers and operators as it indicates competitive strengths (including the effectiveness of the expansion of their business park developments in different locations) with various factors being taken into account such as characteristics of the industry as well as the business models and development cycles in relation to business park development. It generally takes two to three years for commercial business park developers and operators to develop industry theme-focused business parks in line with the trend of industry clustering and establish their reputation among customers in local commercial business park markets. Accordingly, the replication of their business models in new commercial business park markets takes longer as compared to residential developers.

Roughly half of the commercial business parks developed by Tian'an Cyber Park (Group) Co., Ltd. are located in the relatively mature markets in China (such as Beijing, Guangzhou, Shenzhen, Wuxi, Hangzhou and Nanjing). Most of its commercial business parks are leased to small- and mid-sized electronic companies. A significant majority of its business is focused on residential development. In addition, most commercial business park developers and operators prefer to develop office space for general business uses suitable for different customers rather than industry-specific commercial business parks.

COMMERCIAL BUSINESS PARK MARKETS IN SELECTED CITIES

The table below sets out certain economic statistics of and the summary of market demand for office properties in the selected cities for 2013 and the CAGR from 2005 to 2013:

	Wuhan		Qingdao		Shenyang		Hefei		Huangshi		Ezhou	
	2013	CAGR	2013	CAGR	2013	CAGR	2013	CAGR	2013	CAGR	2013	CAGR
GDP (RMB in billions)	900.0	18.8%	800.7	14.6%	660.7(2)	17.9%(2)	416.4(2)	24.0%(2)	104.1(2)	16.3%(2)	63.1	20.0%
Per capita GDP	87,652(1)	16.1%	90,056(1)	13.3%(1)	80,632.0(2)	16.2%(2)	55,186.0(2)	15.1%(2)	42,649.0(2)	16.8%(2)	59,791	20.0%
Fixed asset investments (RMB in billions)	600.2	24.3%	502.8	17.3%	562.5(2)	22.4%(2)	400.1(2)	34.8%(2)	75.1(2)	32.2%(2)	57.2	33.9%
Real estate investment	190.6	26.1%	104.9	21.3%	218.4	23.1%	110.6	24.6%	8.5	28.8%	1.6	13.1%
Disposable income of urban households (RMB)	29,821	13.5%	35,227	13.4%	26,431.0(2)	14.7%(2)	25,434.0(2)	14.8%(2)	19,417.0(2)	12.5%(2)	20,878	12.4%
ASP of office properties (RMB/sq.m.)	9,372	13.3%	14,766	6.2%	10,670	7.9%	8,117	6.7%	2,817	3.5%	2,980	17.2%
Total GFA of office properties sold (sq.m.)	714,000	18.2%	460,000	16.1%	170,000	18.8%	580,600	19.2%	65,537	22.7%	2,265	-10.9%

Source: Statistical Yearbooks of the Respective Cities

Notes:

(1) Savills estimate is used as the relevant statistical yearbook is not yet published.

(2) The number for 2012 is used as the relevant statistical yearbook for 2013 is not yet published.

Wuhan

Wuhan is the capital city of Hubei province with a population of approximately 8.2 million in 2012. Its economy ranked ninth among the Chinese cities and first among the cities in central China in 2012. The city has the largest student enrollment population (over 1.1 million) of higher educational institutions among Chinese cities and enterprises are able to selectively recruit well-qualified employees from a deep talent pool of graduates from 79 higher educational institutions in the city. The average costs of corporate spending and personal living in Wuhan are lower than first-tier cities. As a transportation hub in China, Wuhan is located at the center of the so-called "Four-hour Economic Circle," which means it takes approximately four hours by high speed railway from Wuhan to China's major cities or economic regions covering over 80% of China's population. Wuhan has become a major center for BPO and ITO services as the outsourcing industry experienced rapid growth in recent years, driving up the demand for business space.

The local commercial business park market has expanded significantly after the success of the first major project, the Optics Valley Software Park which was developed by us. The local commercial business park development industry is expected to continue to grow rapidly. Most commercial business parks are estimated to be developed in the East Lake High Technology Development Zone, the second National Innovation Demonstration Zone in China as approved by the State Council, due to its proximity to the rising outsourcing industry, the cost advantages compared to business spaces in the core urban areas in Wuhan and easy access to a talent pool of graduates from 79 higher educational institutions in Wuhan. Located in East Lake High-Technology Development Zone, the Biolake ranked jointly by BioInsight and Devott[(1)] among the 2012 top three biotechnology business parks in China and the 2012 top two biotechnology business parks with the best industry-specific features in China. We provide development management services for the Wuhan National Biotech Innovation Business Park (武漢國家生物產業創新基地), in the Biolake. According to the Savills Report, we ranked first in Wuhan as of December 31, 2013 among commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development.

Qingdao

Qingdao is a major city in Shandong province with a population of approximately 7.7 million in 2012. The city is in the center of the proposed free trade area among China, Korea and Japan. Qingdao is one of the most important economic centers in the Bohai Rim in northern China. The city is a traditional manufacturing base and has developed major service industry (including, among others, finance, tourism, creative industries and service outsourcing).

Note:

(1) BioInsight is the research and consultancy division of Bioon Group, a Shanghai-based web media platform and service provider focused in the bio-technology industry. BioInsight conducts research surveys and industry planning, and provides competitor intelligence and industry database services. See footnote one to this section for the background information of Devott.

The commercial business park market in Qingdao has a relatively short history of less than ten years. As the Qingdao local government is focused on the development of high-technology industry, Strategic Emerging Industries and the ocean technology, the city has become a destination for the outsourcing industry and other industries. The city has the imminent need to develop more commercial business parks during the upgrading and restructuring of local industries. The rapid growth of its BPO, ITO and KPO sectors is expected to create significant demands for commercial business parks. According to the Savills Report, we ranked third in Qingdao as of December 31, 2013 among commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. The Qingdao local government is developing the West Coast Economic Development Zone where all of our Qingdao projects are located and has successfully attracted a number of leading enterprises in the industries of software development, service outsourcing and information technologies to establish their businesses there. The presence of the leading enterprises there further attracts other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to there. Furthermore, we entered into the project framework agreement with the Qingdao local government in relation to business park development and received from them incentives and benefits in relation to various aspects of the development of our projects there. The Qingdao local government has also supported us to develop the Qingdao Marine & Science Park focusing on the ocean technology industry.

Shenyang

Shenyang is the capital city of Liaoning province with a population of approximately 7.2 million in 2012. It is an economic center in north-east China with easy access to local talent reserve. It is also China's important base of the equipment manufacturing industry and, together with a number of surrounding cities, forms the Shenyang Economic Zone.

The commercial business park development industry in Shenyang is in the early stages of growth with a limited number of projects located in the Shenbei New District (瀋北新區) and the Hunnan New District (渾南新區). The size of the commercial business park market in Shenyang is expected to expand considerably in the coming years. A large portion of new commercial business parks is estimated to be used as offices for headquarters and business spaces for BPO activities. According to the Savills Report, we ranked third in Shenyang as of December 31, 2013 among commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. Global corporations and China leading enterprises in the industries of information technology and software development have invested significant amounts to establish their businesses in the Shenbei New District where our project is located, which accelerates the upgrading of local industrial structure and development of our target industries in that district. We have also entered into the project framework agreement with the Shenyang local government and received incentives and benefits in relation to various aspects of the development of our projects there.

Hefei

Hefei is the capital city of Anhui province with a population of approximately 7.6 million in 2012. Compared to other Chinese cities, it has the advantages of a large city size, a rich cultural heritage and easy access to deep local talent reserve. Hefei became a part of the Yangtze River Delta Economic Circle in 2010. Various industries such as automobile manufacturing, equipment manufacturing, domestic appliances, new materials and energy, information technology and software have begun to take shape during last three decades. Hefei is one of the 21 Service Outsourcing Model Cities in the PRC as approved by State Council and the first scientific and technological innovation pilot city in the PRC. According to Devott, Hefei is one of the top ten cities in China whose outsourcing industry will experience the most rapid growth. The total value of outsourcing contracts in Hefei increased by 76.5% to US$1,070.0 million in 2012, as compared to that of 2011. The Hefei local government aims to increase the total value of outsourcing contracts to US$2,800.0 million by the end of 2017 with approximately 12,000 outsourcing service companies and 180,000 people working in the industry.

According to the Savills Report, the commercial business park development industry in Hefei is in the early stage of growth with a limited number of developments. The size of the commercial business park market in Hefei is expected to expand in the coming years. According to the Savills Report, we ranked second in Hefei as of December 31, 2013 among commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. Different types of parks for BPO services, software development and other industries are expected to be developed there in the near future. The Hefei local government has actively promoted the outsourcing industry including, among others, financial back-office services and information technologies, which our project, the Hefei Financial Harbour, is focused on. A number of large state-owned banks and leading financial institutions have recently established their presence in the Hefei Binhu New District where our project is located. Their presence in the district further attracts other outsourcing service companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to there. We have also entered into the project framework agreement with the Hefei local government and received incentives and benefits in relation to various aspects of the development of our projects there.

Huangshi

Huangshi is located in the southeastern part of Hubei province with a population of approximately 2.4 million in 2012. Its traditional industry was focused on the manufacture of iron and copper through metallurgical processes, and the city has undergone upgrading of local industry structures. Huangshi is located approximately 80 kilometers south-east of Wuhan. Its proximity to Wuhan and location along major rail lines and the Yangtze River make Huangshi an important logistics, distribution, and transportation hub.

Most commercial business parks in Huangshi are still in a planning and developing stage. The Huangshi OVU Science and Technology Union City, one of our projects planned for future development, is the first major local commercial business park project. According to the Savills Report, we ranked first in Huangshi as of December 31, 2013 among commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. We have entered into the project framework agreement with the Huangshi local government and received incentives and benefits from it in relation to various aspects of the development of our projects in the city. Savills expects there will be significant demand for business park in Huangshi because of the easy transportation to the city from Wuhan, its competitive cost advantages and the growth potential for local commercial business park market.

Ezhou

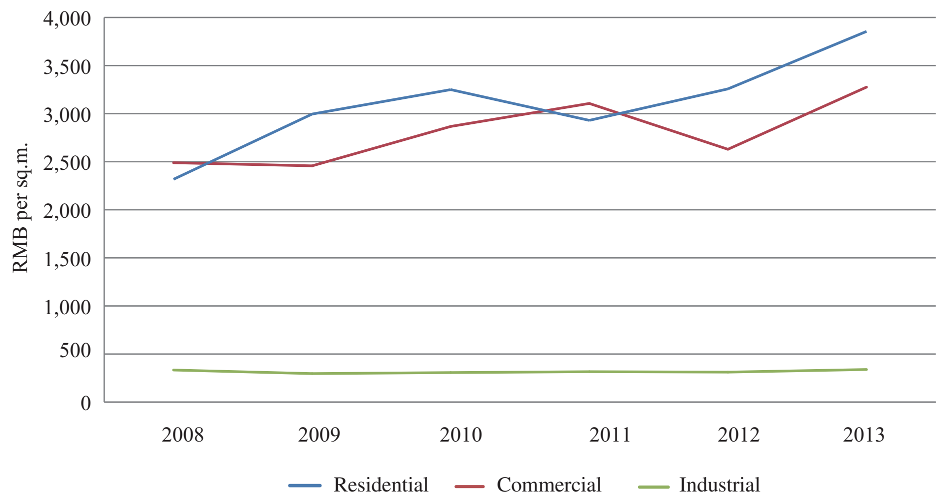
Ezhou is located in the southeastern part of Hubei province with a population of approximately 1.1 million in 2012. As the closest city to Wuhan, Ezhou has a strong economic connection with the East Lake High Technology Development Zone. Wuhan, Huangshi and Ezhou, together with six other cities in Hubei province, form the Wuhan City Circle as a regional economic union. Local government plans to develop commercial business parks to upgrade local industrial structure and drive up the local economy.

Most commercial business park projects are still in a planning stage and need investments. The Ezhou OVU Science and Technology City, one of our projects under development, is expected to be the largest commercial business park project in the city. According to the Savills Report, we ranked first in Ezhou as of December 31, 2013 among commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. The Ezhou local government has successfully attracted a number of leading enterprises in Strategic Emerging Industries to establish their businesses in the Hubei Gedian High-Technology Industrial Development Zone where our project is located. The presence of the leading enterprises there further draws other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to there. Given the convenient access to the city from Wuhan, its competitive cost advantages and the growth potential for local commercial business park market, Savills expects there will be significant demand for business park in Ezhou.

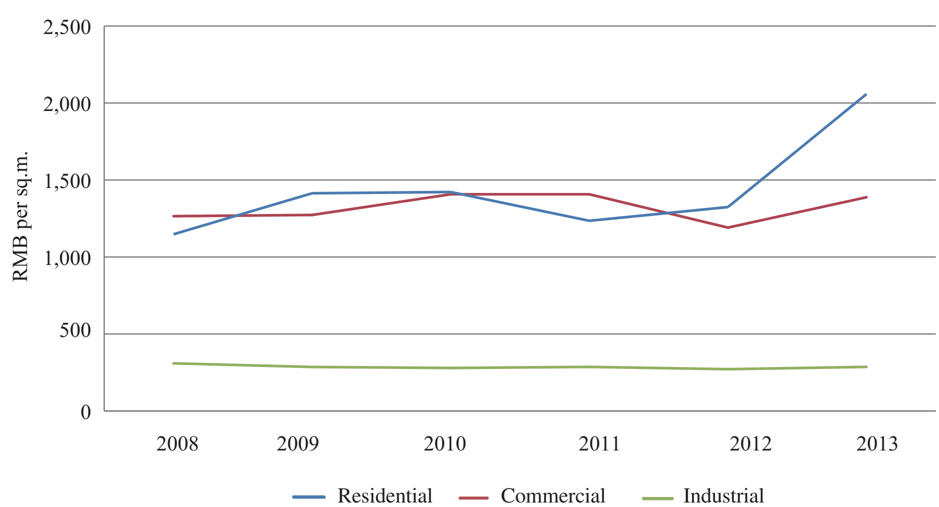
COST OF LAND

Land cost directly affects the operating results and business growth of commercial business park developers and operators, while the effect of construction material cost is relatively insignificant. The following charts set forth the PRC average land prices for industrial, commercial and residential uses in terms of site value and accommodation value from 2008 to 2013 according to land transaction records of 97 Chinese cities.

Site Value(1)



Accommodation Value(2)



Source: CREIS as compiled by Savills

Notes:

(1) The average land price in terms of site value is calculated by dividing the land price by total land area.

(2) The average land price in terms of accommodation value is calculated by dividing the land price by total permitted GFA for construction, which represents the actual land cost for a development project.

From 2008 to 2013, the PRC average land prices for residential, commercial and industrial uses in terms of site value increased with a CAGR of approximately 12.0%, 6.3% and 0.4%, respectively, and the PRC average land prices for the same uses in terms of accommodation value increased with a CAGR of approximately 13.9%, 2.1% and -1.7%, respectively. The PRC average land prices for industrial and commercial uses, particularly in lower tier cities, remained relatively stable during such period. Furthermore, the PRC average land prices for residential and commercial uses increased from 2012 to 2013 driven primarily by substantial increases in land prices in first-tier cities. Land parcels for business parks are primarily granted for industrial use. In some cases, land parcels for business parks are granted for commercial use and a small portion of land parcels for business parks are granted for residential use. Savills is of the view that the increases in the PRC average land prices for residential and commercial uses from 2008 to 2013 had an insignificant effect on the PRC commercial business park market because for commercial business park developers and operators, residential and commercial properties were complementary to business park development and the relevant land costs constituted only a small fraction of land costs for the overall development.

As the land parcels for most of our business park projects were granted for industrial use and the PRC average land prices for such use were relatively stable during the Track Record Period, we maintained good control over land costs throughout the development of our large-scale business parks. The ASP and rental prices of properties in our business parks increased during the Track Record Period driven by the selling and rental prices of office space in the core urban areas in Chinese cities.

COSTS OF CONSTRUCTION MATERIALS

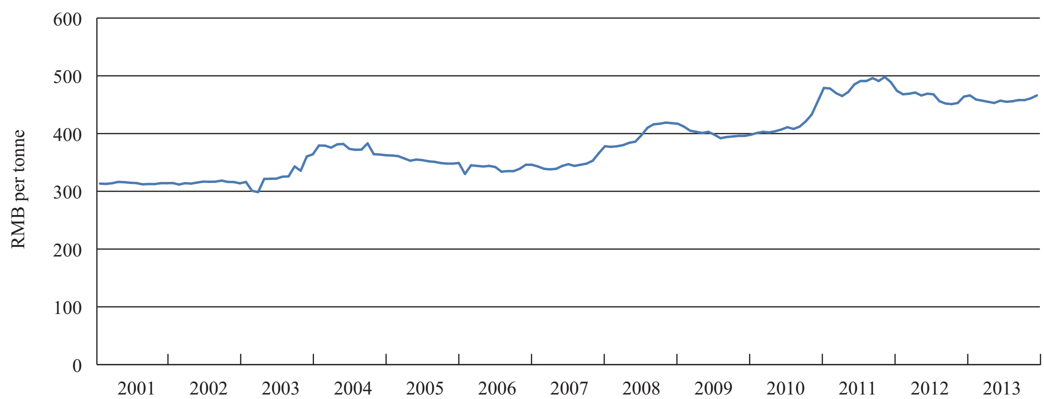
Steel Prices

The PRC steel prices have been fluctuated from 2003 to 2013. The chart below sets forth the spot price of PRC domestic hot rolled steel from January 2003 to December 2013 with a mid-price of RMB3,630 per tonne. Steel prices are forecasted to most likely remain low in the foreseeable future due to strong steel production capacity.

Source: Bloomberg

Cement Prices

According to the Savills Report, the PRC cement prices increased only a nominal 21.8% over the past ten years and a nominal 14% over the past five years primarily because substantial additions to cement production capacity during the same period led to slow growth in prices. The PRC cement prices are expected to remain largely flat in the foreseeable future due to strong production capacity and a stable demand. The chart below sets forth the average price of common portland cement in 36 cities in China from January 2001 to December 2013.



Source: NDRC; CEIC[(1)]

Note:

(1) CEIC Data Company Ltd. (CEIC) is an independent financial information service firm that specializes in economic databases of emerging and developed markets worldwide.

PRC GOVERNMENT'S AUSTERITY MEASURES ON THE PROPERTY MARKET

The PRC Government has in recent years introduced certain policies and implemented various measures to control the substantial increases in property prices in the PRC, including, among others, further tightening the requirements for lending to property developers, and increases in the proportion of down payments of purchase prices and mortgage interest rates. In February 2013, the State Council announced the "Notice on Continuing to Improve the Regulation and Control of the Real Estate Market" to strengthen the management and control over the PRC property market. See the subsection headed "Regulations – Laws and Regulations Relating to Real Estate Development – Measures on Stabilizing Housing Price" in this prospectus for further discussion. The PRC Government has not introduced further major tightening policies or measures since February 2013. As of April 1, 2013, 32 cities, including our target cities (Wuhan, Qingdao, Shenyang and Hefei) have issued relevant implementing rules in accordance with the notice.

One of the main objectives of these policies and measures is to direct consumers to make reasonable purchases of residential properties and discourage investment and speculation in the residential property markets. As a result, the impact of these policies and measures on the PRC industrial property market where we develop and operate our business park projects is immaterial. According to Savills, from 2011 to 2012, the ASP of office properties sold in Qingdao, Shenyang and Huangshi increased by approximately -0.8%, 6.7% and 137.6%, and the total GFA sold of office properties in these cities increased by approximately 166.9%, 107.3% and 503.7%, respectively. There was a general increasing trend of the GFA sold for our projects and the ASP, net of business tax, of the GFA sold for our projects during the Track Record Period.

Moreover, although these policies and measures have affected the availability of funding for property developers for land acquisitions and development, we did not experience any undue difficulty in obtaining bank loans and other borrowings to finance our expenditures in relation to property development during the Track Record Period. The PRC Government has not further increased the required proportion (50%) of down payments of purchase prices, nor increased requisite mortgage interest rates (basic rate plus 10% or above with a term of ten years) with respect to purchase of industrial properties. Accordingly, we believe that the introduction of the tightening policies and measures has not affected the availability of credit facilities to our potential customers or increased their interest expenses.

These tightening policies and measures that are applicable to purchases of properties in our residential projects have not had any material effect on our property development business due to the following reasons. During the Track Record Period, there was a general decrease in the contribution from sales of residential properties to the turnover from sales of properties in all of our projects, as we focus on developing business parks and our residential projects are generally complementary to our business park developments. In addition, we develop small to medium-sized residential units with the primary purpose to cater to the housing needs of our customers' employees working in our business parks and to let them purchase such units at reasonably affordable prices. Our PRC legal advisors, Jingtian & Gongcheng, have advised us that under these policies and measures, when the number of such small to medium-sized residential units exceed 70% of the total number of units in a residential project, banks are required to provide preferential financing for development of such project. Furthermore, local governments in our target cities generally support us to develop such residential projects that are in proximity to our business park developments and have provided us with incentives in relation to various aspects of our developments.

Based on the above, our Directors are of the view that these tightening policies and measures have not had, and are not expected to have, any material effect on our property development business and working capital position.

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Savills, an independent and qualified market research consulting firm, to conduct a detailed analysis of, and report on, the commercial business park market in China and in the cities where our existing and planned commercial business parks are located, namely, Wuhan, Qingdao, Shenyang, Huangshi, Ezhou and Hefei. We have included certain information from the Savills Report in this section. In connection with the market research services provided, we have paid a fee of approximately RMB600,000 to Savills. Savills has prepared the Savills Report based on various government publications, site visits and interviews as well as Savills' proprietary data on the relevant property markets. Savills has also adopted assumptions when some information is not available or falls outside the scope of its expertise. While Savills has adopted assumptions based upon careful consideration of known factors, Savills cannot rule out the risk that any of the assumptions may be incorrect. The Savills Report also contains a significant volume of information which is directly derived from secondary sources or based on other third-party information; Savills does not represent and warrant as to the accuracy or completeness of such information. In preparing the Savills Report, Savills has confirmed that it has carried out research as per Savills standard market research methodology to enhance the credibility and accuracy of the forecasts. The steps used in the research process include (1) the collection of information and data from various sources to form the basis for forecast, (2) analysis of data for the understanding and hindsight on market trends and development, (3) identification of market growth drivers and market constraints, (4) integration of opinion through industry participants' and experts' interviews and discussions, and (5) verification of data and forecast by cross-checking against other available data and information before finalization of the report.

LAWS AND REGULATIONS RELATING TO REAL ESTATE DEVELOPMENT

Establishment of a Real Estate Developer

According to the "Law on Administration of Urban Real Estate of the People's Republic of China" (《中華人民共和國城市房地產管理法》, the "Urban Real Estate Law") promulgated by the Standing Committee of the National People's Congress on July 5, 1994, becoming effective in January 1995, and amended in August 2007 and August 2009 respectively, real estate development refers to the act of constructing infrastructure and buildings on state-owned land, the land use rights of which have been legally acquired; and a real estate developer is defined as an enterprise which engages in the development and operation of real estate for the purpose of making profits. Under the "Administrative Regulations on Urban Real Estate Development and Operation" (《城市房地產開發經營管理條例》, the "Development and Operation Regulations") promulgated by the State Council on July 20, 1998 and revised on January 8, 2011, an enterprise which is to engage in the development of real estate shall satisfy the following requirements:

- its registered capital shall be RMB 1 million or more; and
- it shall have four or more full-time professional real estate/construction technicians and two or more full-time accountants, each of whom shall hold the relevant qualification certificate.

According to the Development and Operation Regulations, the People's Government of a province, autonomous region or municipality directly under the Central Government may, based on local circumstances, impose more stringent requirements than those described in the preceding clauses over the registered capital and professional technicians of a real estate developer. According to the "Regulations on Administration of Development of Urban Real Estate of Hubei Province" (《湖北省城市房地產開發經營管理辦法》) promulgated by the People's Government of Hubei Province on November 19, 1999, in addition to the requirements stipulated by relevant laws and regulations, an enterprise which is to engage in the development of real estate shall also satisfy the following requirements:

- its registered capital shall be RMB 2 million or more; and
- it shall have four or more full-time professional real estate or civil engineering technicians, one or more full-time construction or real estate managers and two or more full-time accountants, each of whom shall hold the relevant qualification certificate.

Under the "Catalog of Industries for Guiding Foreign Investment" (《外商投資產業指導目錄》) promulgated by MOFCOM and NDRC on December 24, 2011 and becoming effective on January 30, 2012,

- the development of tracts of land (limited to equity joint ventures and cooperative joint ventures) falls within the category of industries in which foreign investment is subject to restrictions;

- the construction and operation of high-class hotels, high-class office buildings and international exhibition centers falls within the category of industries in which foreign investment is subject to restrictions;

- real estate secondary market transactions and real estate intermediaries or brokers fall within the category of industries in which foreign investment is subject to restrictions;

- the construction and operation of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and

- other real estate development falls within the category of industries in which foreign investment is permitted.

On April 6, 2010, the State Council issued the "Opinions on Further Enhancing the Utilization of Foreign Capital" (《關於進一步做好利用外資工作的若干意見》), which provides that projects with a total investment amount (including increase in capital) of less than US$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the "Catalog of Industries for Guiding Foreign Investment" (《外商投資產業指導目錄》) shall, other than those that are subject to the approval of relevant departments of the State Council under the requirements of the "Catalog of Investment Projects Approved by the Government" (《政府核准的投資項目目錄》), be subject to the approval of relevant departments of local governments.

On July 11, 2006, MOC, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the "Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market" (《關於規範房地產市場外資准入和管理的意見》). According to the Opinions and the relevant circulars issued after this Opinion, a foreign investor shall meet various requirements in order to invest in the real estate market in China. See the subsection headed "Appendix V – Part 1 Laws and Regulations Relating to Real Estate Development – A(b). Foreign-Invested Real Estate Developers" in this prospectus for further details.

Qualifications of Real Estate Developers

Under the "Provisions on Administration of Qualifications of Real Estate Developers" (《房地產開發企業資質管理規定》, the "Provisions on Administration of Qualifications") promulgated by the former MOC (currently known as MOHURD) on March 29, 2000, a real estate developer shall apply for classification of its qualifications according to the Provisions on Administration of Qualifications. An enterprise shall not engage in real estate development without a qualification classification certificate for real estate development. MOC is in charge of the management of qualifications of real estate developers nationwide, and local competent real estate development authorities at county level or above are in charge of the management of qualifications of real estate developers within their administrative divisions. In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes:

- Class 1 qualifications are subject to preliminary examination of the construction authorities at provincial level and final approval of MOC. A real estate developer with class 1 qualification is not restricted as to the construction scale of real estate projects undertaken and may undertake real estate projects nationwide.

- Class 2 or lower qualifications are subject to the approval of local competent construction authorities. A real estate developer with class 2 or lower qualifications may undertake projects with GFA of less than 250,000 sq.m. Measures for examination and approval of real estate developers with class 2 or lower qualifications and the specific scope of business undertaken by such developers shall be formulated and determined by the competent construction authorities at provincial level.

For example, under the "Implementation Rules on Administration of Qualifications of Real Estate Developers of Hubei Province" (《湖北省房地產開發企業資質管理實施細則》) issued by the Office of Construction of Hubei Province on July 27, 2000, a real estate developer with class 2 qualification may undertake construction projects with GFA of less than 250,000 sq.m. and may undertake real estate projects within the whole province; a real estate developer with class 3 qualification may undertake construction projects with GFA of less than 100,000 sq.m. and may undertake real estate projects within the city (state) where it locates; and a real estate developer with class 4 qualification may undertake construction projects with less than eight floors and GFA of less than 40,000 sq.m. and may undertake real estate projects within the city district (county/city) where it locates.

Under the Provisions on Administration of Qualifications, the competent real estate development authorities shall determine the qualification class of real estate developers by considering, among other factors, their assets, professional technicians as well as development and business achievements.

According to the Provisions on Administration of Qualifications, the qualification of a real estate developer shall be reviewed annually. In addition, according to the Provisions on Administration of Qualifications, newly established real estate developers can only get the Provisional Qualification Certificate, since they cannot meet the requirements of operation for a certain period for obtaining class 1 to 4 qualifications. The Provisional Qualification Certificate is valid for one year, and may also be extended for no more than two years. A real estate developer shall apply for qualification classification from the competent real estate development authorities within one month before the expiration of the Provisional Qualification Certificate. The competent real estate development authorities shall assess a corresponding qualification class for real estate developers on the basis of their development and management achievements.

The table below sets forth a summary of the qualification certificates for real estate developers that we possess:

Name of company	Class	Issuance date	Expiry date
Wuhan Optics Valley Union	Class 1	Jan 15, 2014	Dec 9, 2016
OV Financial Harbour Development	Provisional	Mar 26, 2013	Mar 25, 2014
Huangshi OVU Development	Class 3	Sep 25, 2012	Sep 25, 2015
Qingdao OVU Development	Provisional	Oct 9, 2012	Sep 30, 2014
Wuhan Xuefu	Class 3	Jun 9, 2013	Jun 8, 2016
Wuhan Mason	Class 3	Jan 23, 2014	Jan 22, 2017
Hubei Huisheng	Class 3	Jan 24, 2014	Jan 23, 2017
Wuhan Minghong	Class 3	Jun 19, 2013	Jun 18, 2016
Shenyang OVU Development	Provisional	Mar 21, 2013	Mar 20, 2014
Hubei Technology Enterprise Accelerator	Class 4	Dec 19, 2013	Dec 18, 2016
Energy Conservation Technology Park	Provisional	Jun 17, 2013	Jun 16, 2014
Wuhan Financial Harbour Development	Provisional	Jun 17, 2013	Jun 16, 2014
Optics Valley Software Park	Provisional	Jan 14, 2013	Jan 13, 2015

According to applicable PRC laws and regulations, the qualification certificates of real estate developers are subject to annual review. The relevant authorities for qualification examination will lower qualification grades or revoke qualification certificates only when real estate developers fail to meet the conditions of the original qualification certificates or engage in any misconduct in their operations.

Development of a Real Estate Project

Land for real estate development

On April 12, 1988, the National People's Congress amended the "Constitution" (《憲法》), permitting the legal transfer of land use right. On December 29, 1988, the Standing Committee of the National People's Congress amended the "Land Administration Law" (《土地管理法》), permitting the legal transfer of land use right.

Under the "Interim Regulations on Grant and Assignment of the State-owned Urban Land Use Right of the People's Republic of China" (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》, the "Interim Regulations on Grant and Assignment") promulgated by the State Council on May 19, 1990, China adopted a system of granting and assigning state-owned land use right. A land user shall pay a land premium to the State as the consideration for the grant of the land use right by the State for a specified period of time, during which the land user may assign, lease, mortgage or otherwise commercially exploit the land use right. Under the Urban Real Estate Law and the Interim Regulations on Grant and Assignment, the land administration authorities at city or county level shall enter into a land grant contract with the land user to grant land use right. The land user shall pay the land premium as stipulated by the land grant contract. After paying the land premium in full, the land user may register with the land administration authorities and obtain a land use right certificate evidencing the acquisition of land use right.

Under the "Rules Regarding the Grant of State-Owned Land Use Right By Way of Tender, Auction and Listing" (《招標拍賣掛牌出讓國有土地使用權規定》) which was promulgated by MLR on May 9, 2002 and implemented from July 1, 2002, land for operational purposes, such as business, tourism, entertainment and commercial residential housing, shall be granted through tender, auction or listing. On September 28, 2007, MLR promulgated the "Rules Regarding the Grant of Right to Use State-Owned Construction Land By Way of Tender, Auction and Listing" (《招標拍賣掛牌出讓國有建設用地使用權規定》), which were effective from November 1, 2007. The Rules further clarify the procedures for the grant of land use right by way of tender, auction and listing. Moreover, pursuant to the Rules, land for operational purposes, such as industrial (including warehouse land, but excluding mining land), business, tourism, entertainment and commercial residential housing, and a land parcel with two or more potential users must be granted by way of tender, auction or listing. The grantee of land use right may only have the land registered and obtain the land use right certificate after full settlement of the land premium as specified in the relevant land grant contract. No land use right certificate shall be issued before full settlement of the land premium or in proportion to the land premium paid.

On January 3, 2008, the State Council issued the "Circular on Promoting the Economical and Intensive Use of Land" (《關於促進節約集約用地的通知》), which provides that for land currently used for industrial purpose, under the precondition that it accords with the relevant planning and that the use of land is not changed, if the land utilization ratio and the plot ratio are increased, no additional land fee should be collected. For newly added land for industrial purpose, control indicators should be further enhanced and no additional land fee should be collected for any part that the GFA of a plant exceeds the control indicators for the plot ratio of such plant. The land user and land fee for land used for industrial and operational purposes must be determined by way of tender, auction or listing.

MOF, MLR, PBOC, MOS and NAO issued the "Circular on Further Tightening Control over Income and Expenses of Land Grant" (《關於進一步加強土地出讓收支管理的通知》) on November 18, 2009. According to the circular, the term of payment by installment for land premium as stipulated in the land grant contract shall not exceed one year in principle or, in the case of special projects, the payment shall be fully settled within two years as collectively decided by local land grant coordination and decision-making authorities. The down payment shall not be less than 50% of the land premium.

On December 19, 2010, MLR issued the "Circular on Issues Concerning Strict Implementation of Real Estate Land Control Policies and Promotion of Healthy Development of the Land Market" (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》). According to the circular, where a bidder and his controlling shareholders are found to act in violation of relevant laws, regulations and contracts, such as forging instruments with an aim of obtaining the land by deception, illegally reselling the land, illegally transferring land use right, leaving the land idle for more than one year for developer's own reason and developing and utilizing the land in violation of the conditions stipulated in grant contracts, they shall not pass the bidding qualification examination. Arbitrary adjustment of the plot ratio shall be stopped firmly. Where plot ratio adjustment is approved in line with relevant laws, the competent departments of land and resources at city or county level shall determine the land premium differences to be paid on the basis of the land value in terms of per unit floorage in the land market at the time when the adjustments are approved.

On May 23, 2012, MLR and NDRC jointly issued the "Catalog of Restricted Use of Land (2012 Version)" (《限制用地項目目錄(2012年本)》) and the "Catalog of Prohibited Use of Land (2012 Version)" (《禁止用地項目目錄(2012年本)》). According to the above catalog, the area of a parcel of land granted for residential project shall be no more than 7 hectares in small cities and designated towns, 14 hectares in medium cities or 20 hectares in large cities; the plot ratio shall not be lower than 1.0 (1.0 included); and real estate development projects for villas and golf courses shall fall into the category of prohibited use of land.

Real estate project development

Commencement of a real estate project and idle land

According to the Urban Real Estate Law, those who obtain land use right for real estate development by grant must develop the land according to the purposes and within the development time frame as agreed under the land use right grant contract. Those who fail to commence development of the land within one year from the construction commencement date stipulated in the land grant contract may be charged an idle land fee of up to 20% of the land premium, and those who fail to commence development within two years may be deprived of land use right without compensation, except where the delay in commencement is due to force majeure, actions of governments or relevant government departments, or preliminary work necessary for the commencement of development.

According to the "Regulations on the Disposal of Idle Land" (《閑置土地處置辦法》) promulgated by MLR on April 26, 1999, amended on June 1, 2012 and taking effect from July 1, 2012, land with the following conditions is considered to be idle land:

- the holder of the state-owned construction land use right fails to commence developing the state-owned construction land within one year after the construction commencement date as agreed or stated in the contract of compensated use of state-owned construction land or the land allocation decision;

- the area of the construction land developed upon commencement of development is less than 1/3 of the planned total area for development and construction, and the development and construction of the state-owned construction land has been suspended for more than one year;

- the amount invested in the land is less than 25% of the total investment, and the development and construction of the state-owned construction land has been suspended for more than one year; or

- fails to commence development and construction within one year from the date of actual delivery of land, if the construction commencement date is not agreed or stated or not clearly agreed or stated.

The above regulations provide that for idle land where construction and development has not commenced for one year, the competent department of land and resources at city or county level shall charge idle land fee at 20% of the cost of land grant or allocation. In the event that the construction and development has not commenced for two years, the competent department of land and resources at city or county level shall, upon the approval of the People's Government with approval authorities, issue the Decision on Recovering the Right to Use State-owned Construction Land to holders of state-owned construction land use right, and recover the right to use the state-owned construction land without compensation. The above regulations also list the situations where the idleness of land is due to the reasons attributable to the governments as well as the ways of handling the idle land under such situations.

Planning of a real estate project

Under the "Measure for Planning and Administration of Grant and Assignment of Right to Use Urban State-owned Land" (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by MOC on December 4, 1992, becoming effective from January 1, 1993 and revised on January 26, 2011, the grantee under a land grant contract, i.e. a real estate developer,shall apply for a construction land planning permit from the relevant competent authorities of urban planning and administration. The enterprise may apply for the certificate of land use right only after obtaining such permit.

Under the "Law on Urban and Rural Planning of the People's Republic of China" (《中華人民共和國城鄉規劃法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2007, effective from January 1, 2008, a real estate developer shall apply for the construction work planning permit from the competent authorities of urban and rural planning at city or county level for project construction.

Construction of a real estate project

According to the "Measures for Administration of Construction Permit for Construction Projects" (《建築工程施工許可管理辦法》) promulgated by MOC on October 15, 1999, becoming effective from December 1, 1999 and amended on July 4, 2001, a developer engaging in the construction and decoration of various kinds of houses and buildings as well as the ancillary facilities shall apply for a construction permit from the competent construction administration authorities at county level or above where the construction is located before the commencement of the construction.

Completion of a real estate project

According to the Development and Operation Regulations, the "Provisions on Acceptance Inspection Upon Completion of Buildings and Municipal Infrastructure" (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the MOHURD on December 2, 2013 and the "Administrative Measures on the Filing of Acceptance Inspection upon Completion of Buildings and Municipal Infrastructure" (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by MOC on April 4, 2000 and revised by MOHURD on October 19, 2009, after the completion of real estate projects, the real estate developer must organize an acceptance inspection and, after passing the inspection, file with the relevant governmental authorities on such completion of acceptance inspection. A real estate development project shall not be delivered for use until and unless it has carried out and passed the acceptance inspection. Where a real estate project is developed in phases, acceptance inspection may be carried out by phase.

Transfer of Real Estate

According to the Urban Real Estate Law and the "Provisions on Administration of Transfer of Urban Real Estate" (《城市房地產轉讓管理規定》) promulgated by MOC on August 7, 1995, as amended on August 15, 2001, a real estate owner may sell, bequeath or otherwise legally transfer the real estate to another person. When transferring a real estate, the ownership of the building and the right to use the land which the building occupies are transferred together. The parties concerned shall enter into a real estate transfer contract in writing and go through the formalities for the transfer with the relevant administration authorities of real estate where the real estate is located within 90 days after signing the transfer contract.

Mortgage of Real Estate

Under the Urban Real Estate Law, the "Security Law" (《擔保法》) promulgated by the Standing Committee of the National People's Congress on June 30, 1995 and becoming effective from October 1, 1995, the "Measures for Administration of Mortgage of Urban Real Estate" (《城市房地產抵押管理辦法》) promulgated by MOC on May 9, 1997, as amended on August 15, 2001, and the "Property Law" (《物權法》) promulgated by the National People's Congress on March 16, 2007 and becoming effective from October 1, 2007, when a mortgage is created on the ownership of a legally obtained building, the mortgage must be simultaneously created on the right to use the land which the building occupies. When a mortgage is created on land obtained by way of grant, the mortgage must be simultaneously created on the ownership of the building erected on the land. The mortgagor and mortgagee shall sign a mortgage contract in writing. China adopts a registration system for real estate mortgage. Within 30 days after a real estate mortgage contract has been signed, the parties concerned must register the real estate mortgage with the real estate administration authorities at the location where the real estate is situated. The real estate mortgage right becomes effective on the date of registration of the mortgage. If a mortgage is created on a real estate in respect of which a real estate ownership certificate has been obtained legally, the registration authorities shall, when registering the mortgage, make an entry of "third party right" on the original real estate ownership certificate and then issue a certificate of third party right to the mortgagee. If a mortgage is created on a commodity building put up for pre-sale or construction in progress, the registration authority shall, when registering the mortgage, record the details on the mortgage contract. If construction of a real estate is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real estate after obtaining the certificates evidencing the rights and ownership to the real estate.

Real Estate Credit

Under the "Circular on Further Strengthening the Administration of Real Estate Credit" (《關於進一步加強房地產信貸業務管理的通知》) issued by PBOC on June 5, 2003, the requirements for banks to provide loans for residential development, individual housing mortgage and individual commodity housing are tightened:

- Real estate development loans shall be granted to real estate developers which are qualified for real estate development, rank high in credibility and have no overdue payment for construction fees. Such loans shall be given in support of residential housing projects which are affordable by families with medium-to-low income particularly, and shall be strictly restricted from projects involving building properties of large size and/or covering large area, such as luxurious commodity housing and villas. For real estate developers with high vacancy rate of commodity housing and high debt ratio, strict approval and close monitoring must be applied to their new real estate development loans.

- Commercial banks may not grant loans to real estate developers for the payment of land premium.

- Commercial banks shall not grant any kind of loans to projects without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit. Loans applied for by real estate developers shall only be granted by commercial banks in the name of real estate development loans, but not in the name of real estate development liquidity loans or other types of loans. Commercial banks may recover the non-real estate development loans that have been granted to the real estate developers, but are not allowed to grant new ones. To apply for bank loans, a real estate developer's self-owned funds (owner's equity) shall not be less than 30% of the total investment of the development project. The real estate loans granted by a commercial bank may only be used for the real estate projects in the region where the developer is located, and are prohibited to be used across regions.

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

- prohibiting commercial banks from granting any kind of loans to projects with a proportion of capital fund (owners' equity) of less than 35%, or without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit; and

- prohibiting commercial banks from granting loans to real estate developers solely for the payment of land premium.

According to the "Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects" (《國務院關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009, the proportion of capital fund for indemnificatory housing projects (保障性住房項目) and ordinary commodity housing projects (普通商品住房項目) is adjusted from 35% to 20%, and, for other properties, from 35% to 30%. Financial institutions shall decide on their own whether to issue loans to real estate developers based on the adjustments to the proportion of capital fund.

As confirmed by the Company, the proportion of capital fund for indemnificatory housing projects (保障性住房項目) and ordinary commodity housing projects (普通商品住房項目) in all of its property development projects is not less than 30% and the Group has been in compliance with the minimum capital requirements under the aforesaid circular during the Track Record Period and up to the Latest Practicable Date.

Sale of Commodity Housing

Under the "Administrative Measures on the Sale of Commodity Housing" (《商品房銷售管理辦法》) promulgated by MOC on April 4, 2001 and becoming effective from June 1, 2001, sale of commodity housing includes the pre-sale of commodity housing and spot sale of commodity housing. The commodity housing for spot sale shall pass the inspection and acceptance upon completion and satisfy other conditions. Before the spot sale of commodity housing, the real estate developer shall file the project manual of real estate development and the relevant evidence documents with the competent authorities of real estate development to prove its satisfaction of the conditions for spot sale of commodity housing. A real estate developer shall not sell uncompleted commodity housing by after-sale lease guarantee or any such mean in a disguised form.

According to the Development and Operation Regulations and the "Administrative Measures on the Pre-sale of Urban Commodity Housing" (《城市商品房預售管理辦法》) promulgated by MOC on November 15, 1994, as amended on August 15, 2001 and July 20, 2004, a pre-sale permit must be in place before commodity housing may be put up for pre-sale. The pre-sale of commodity housing shall meet the following conditions:

- the land premium has been paid in full and a certificate of land use right has been obtained;
- the construction work planning permit and construction permit have been obtained;
- the funds invested in the development and construction of the commodity housing put up for pre-sale represent 25% or more of the total investment in the project and the progress of construction and the completion and delivery dates have been determined; and
- a permit for pre-sale of commodity housing has been obtained.

The proceeds from pre-sale of commodity housing must be used to develop the relevant pre-sale project.

Lease of Housing

Under the Urban Real Estate Law, parties to a housing tenancy shall sign a lease contract in writing and file it with the administration authority of real estate.

Under the "Administrative Measures on the Lease of Commodity Housing" (《商品房屋租賃管理辦法》) issued by MOHURD on December 1, 2010 and becoming effective from February 1, 2011, the parties to a housing tenancy shall go through the housing tenancy registration and filing process with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. For those who fail to comply with the above regulations, the relevant competent governmental construction (real estate) departments may impose a fine of below RMB1,000 on individuals, and a fine of between RMB1,000 and RMB10,000 on units.

Environment Protection in Real Estate Development

Under the "Regulations on Administration of Environmental Protection of Construction Projects" (《建設項目環境保護管理條例》) issued by the State Council on November 29, 1998, a construction unit shall, during the stage of construction project feasibility study, submit the construction project environmental impact report, environmental impact statement or environmental impact registration form for approval. The environmental protection facilities that are required in relation to the construction project must be designed, constructed and put into operation simultaneously with the main structure of the construction project. In addition, the construction unit shall, during the trial production of the construction project, monitor the operation of the environmental protection facilities and the environmental impact of the construction project. On completion of construction, the construction unit shall file an application with the competent department of environmental protection administration that reviews and approves the relevant construction project environmental impact report, environmental impact statement or environmental impact registration form for environmental protection acceptance inspection upon completion. The acceptance inspection upon completion of environmental protection facilities shall be conducted simultaneously with the main structure of the project.

Insurance

There is no mandatory provision in the PRC laws, regulations and government rules which requires a real estate developer to take out insurance policies for its real estate development projects. According to the common practice of the real estate industry in China, in the course of tendering and bidding for construction projects, construction companies are usually required to provide insurance plans, pay insurance premium at their own costs and take out the relevant kinds of insurance during the construction period, such as property insurance, third party liability insurance, employer's liability insurance, construction performance guarantee insurance and all risk insurance for construction and installation projects. All these insurance coverage will cease immediately subsequent to the acceptance inspection upon completion of the construction project.

Measures on Stabilizing Housing Price

On April 17, 2010, the State Council issued the "Circular on Resolutely Curbing the Rapid Rising of House Price in Certain Cities" (《國務院關於堅決遏制部分城市房價過快上漲的通知》), which stipulates that the proportion of down payment for the first self-occupied home with a unit floor area of larger than 90 sq.m. shall not be less than 30% of the purchase price; the proportion of down payment for the second house bought with mortgage loans for a family shall not be less than 50% of the purchase price and the loan interest rate shall not be less than 1.1 times the benchmark lending rate published by the PBOC. In addition, the proportion of down payment and interest rate shall significantly increase for the third or further houses bought with mortgage loans. In certain regions where commodity residential housings are in short supply and prices rise too quickly, the banks may suspend granting mortgage loans for the third or further houses bought with mortgage loans or to non-local residents who cannot provide any proof of tax or social insurance payment for more than one year.

On January 26, 2011, the General Office of the State Council issued the "Circular concerning Further Strengthening the Control of the Real Estate Market" (《進一步做好房地產市場調控工作有關問題的通知》). This circular, among others, provides that:

- an individual selling residential housing within five years of his purchase will be uniformly charged business taxes on the entire amount of the sale price of such residential housing;

- the proportion of minimum down payment for the purchase of the second house is raised from 50% to 60%, and the loan interest rate shall not be less than 1.1 times the prevailing benchmark rate published by the PBOC; and

- municipalities directly under the Central Government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of houses that a local resident can buy in a certain period. In principle, local resident families that own one house and non-local resident families which can provide local tax or social insurance payment proof for a certain period are permitted to purchase only one more house (including newly-built houses and second-hand houses). Sale of properties to (a) local resident families which own two or more houses, (b) non-local resident families which own one or more houses; and (c) non-local resident families which cannot provide local tax or social insurance payment proof for a certain period shall be suspended in local administrative regions.

In order to carry out the circular issued by the State Council, the relevant authorities have promulgated various requirements to stabilize housing prices, including those related to credit, tax and limitation on the purchase of properties. See "Appendix V – Part 1 Laws and Regulations Relating to Real Estate Development – K. Measures on Stabilizing Housing Price" in this prospectus for further details.

On February 26, 2013, the General Office of the State Council announced the "Notice on Continuing to Improve the Regulation and Control of the Real Estate Market" (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》), which, among others, provides the following requirements: (i) limitations on the purchase of commodity residential housing must be strictly implemented, and the scope of such limitations must cover all newly constructed commodity residential housing and second-hand housing located in all the administrative regions of the city concerned; (ii) for cities with excessive growth in housing prices, the local counterparts of the PBOC may further increase down payment proportion and interest rates for loans to purchase second housing in accordance with the price control policies and targets of the corresponding local governments; and (iii) the gains generated from the sale of a self-owned residential property shall be subject to individual income tax at a rate of 20%, if the original value of such property can be verified through historical information, such as tax filings and property registration.

In the third quarter of 2013, there had been a further tightening on the down payment of second home purchase mortgages in several cities including Wuhan, Shenyang, Shanghai, Hangzhou and Guangzhou. Down payment requirement for second home purchases was raised from 60% to 65% or 70%.

LAWS AND REGULATIONS RELATING TO OTHER BUSINESS SECTORS

Legal Supervision Relating to Construction Sector in the PRC

Under the "Construction Law of the People's Republic of China" (《中華人民共和國建築法》) promulgated by the Standing Committee of the National People's Congress on November 1, 1997, amended on April 22, 2011 and becoming effective from July 1, 2011, as well as the "Administrative Provisions on the Qualifications of Enterprises in the Construction Industry" (《建築業企業資質管理規定》) issued by MOC on June 26, 2007 and becoming effective from September 1, 2007, enterprises in the construction industry are divided into different qualification levels based on conditions such as registered capital, professional technicians, technologies, equipment and achievement of construction projects completed, and may only engage in construction activities within the scope of its qualification level after passing the qualification examination and obtaining the qualification certificate as an enterprise in the construction industry.

According to the provisions under the "Administrative Provisions on the Qualifications of Enterprises in the Construction Industry", the qualifications of enterprises in the construction industry shall be classified into three tiers, namely, general contracting, specialized contracting and labor service sub-contracting, each of which is further classified into several qualification types based on the nature and technical features of the project. Each qualification type shall be further divided into several qualification grades according to the prescribed conditions.

Legal Supervision Relating to Property Management Sector in the PRC

Foreign-invested Property Service Enterprises

According to the "Catalog of Industries for Guiding Foreign Investment", property management falls within the category of permitted foreign investment industries. According to the "Catalog of Industries for Guiding Foreign Investment" and the relevant requirements set out under the laws and administrative regulations on foreign-invested enterprises, a foreign-invested property service enterprise can be set up in the form of sino-foreign equity joint venture, sino-foreign cooperative joint venture or wholly foreign-owned enterprise. Before the administration for industry and commerce registers a foreign-invested enterprise as a foreign-invested property service enterprise, the foreign-invested property service enterprise shall obtain an approval from the relevant competent department of commerce and receive a Foreign-Invested Enterprise Approval Certificate.

Qualifications of a Property Service Enterprise

According to the "Regulations on Property Management" (《物業管理條例》) issued by the State Council on June 8, 2003, effective from September 1, 2003 and amended on August 26, 2007, the State implements a qualification scheme in managing property service enterprises.

Under the "Measures for Administration of Qualifications of Property Service Enterprises" (《物業服務企業資質管理辦法》), the qualifications of property service enterprises shall be classified into class one, class two and class three. The competent construction authorities of the State Council shall be responsible for issuance and administration of the qualification certificates of class one property service enterprises. The competent construction authorities of the People's Governments of provinces and autonomous regions shall be responsible for issuance and administration of the qualification certificates of class two property service enterprises, and the competent departments of real estate of People's Governments of municipalities directly under the Central Government shall be responsible for issuance and administration of the qualification certificates of classes two and three property service enterprises. The competent departments of real estate of People's Governments of the cities divided into districts shall be responsible for the issuance and administration of the qualification certificates of class three property service enterprises.

Hiring a Property Service Enterprise

According to the "Regulations on Property Management", with the consent of the owners occupying more than half of the total area of the building and representing more than half of the total number of property owners, a property service enterprise may be hired and removed. If a construction unit has hired a property service enterprise before the formal hiring of the property management enterprise by the owners or the general meeting of owners, it shall enter into preliminary property service contract in writing with the property service enterprise.

Legal Supervision Relating to Hotel Sector in the PRC

According to the "Catalog of Industries for Guiding Foreign Investment" , construction and operation of high-end hotels falls within the category of "restricted foreign investment industries". Construction and operation of ordinary and economical hotels other than the said high-end hotels falls within the category of "permitted foreign investment industry".

A foreign-invested enterprise engaging in the hotel business may set up an enterprise in the form of sino-foreign equity joint venture, sino-foreign cooperative joint venture or wholly foreign-owned enterprise according to the "Catalog of Industries for Guiding Foreign Investment" and the relevant laws and administrative regulations on foreign-invested enterprises. A foreign-invested enterprise engaging in the hotel business shall obtain approval from the relevant competent department of commerce and obtain a Foreign-Invested Enterprise Approval Certificate before registering with the competent administration authority of industry and commerce.

The procedures involved in hotel construction in China include obtaining approvals for land use, project planning and project construction, which shall all be subject to the aforementioned regulations relating to real estate project development.

There is currently no specific authority in China responsible for the supervision of daily operation and management of hotel business. The supervision of daily management of hotel business vests in different authorities based on the respective business scopes of different hotels. See the subsection headed "Appendix V – Part 2 Laws and Regulations Relating to Other Business Sectors – C. Legal Supervision Relating to Hotel Sector in the PRC" in this prospectus for further details.

Legal Supervision Relating to Project Design Sector in the PRC

Under the "Administrative Regulations on the Survey and Design of Construction Projects" (《建設工程勘察設計管理條例》) promulgated by the State Council on September 25, 2000 and the "Administrative Regulations on the Survey and Design Qualifications of Construction Projects" (《建設工程勘察設計資質管理規定》) issued by MOC on June 26, 2007 and implemented from September 1, 2007, the State applies a qualification management system to entities engaging in the surveying and designing activities for construction projects. An enterprise engaged in the construction project design activities shall apply for the relevant qualifications based on conditions such as registered capital, professional technicians, technical equipment and design performances, and may only engage in construction project design activities within the scope of its qualification after passing the qualification examination and obtaining the construction project design qualification certificate.

HISTORY AND DEVELOPMENT

Mr. Huang Liping, our ultimate controlling shareholder, entered into the property development business in Wuhan in September 1998 when Wuhan Qianbao Property, which was then controlled by him, acquired a 10.0% equity interest in Wuhan United Real Estate. After the acquisition, Mr. Huang Liping served as the general manager of Wuhan United Real Estate. Wuhan United Real Estate was established on July 23, 1993 and engaged primarily in the development of residential properties. At the time of the acquisition, its principal projects included Lido Garden (麗島花園) and Lido Zi Garden (麗島紫園). During the period from September 1998 to November 2007, Mr. Huang Liping continued to acquire the equity interests in Wuhan United Real Estate through Wuhan Qianbao Property and other companies held by him. See the subsection headed "– Our Subsidiaries – Subsidiaries acquired by our Company (or through its subsidiaries)" in this section for further details. As a result of these acquisitions, as of November 23, 2007, Mr. Huang Liping beneficially held approximately 86.3% of the equity interests in Wuhan United Real Estate.

On June 24, 2005, Wuhan United Real Estate, which was then controlled by Mr. Huang Liping, acquired a 62.0% equity interest in Wuhan Optics Valley Union from its former shareholder, Wuhan East Lake High Technology. Wuhan Optics Valley Union was established on July 24, 2000 and engaged primarily in the development and operation of commercial business parks. At the time of the acquisition, its principal projects included the Optics Valley Software Park. Since the acquisition of Wuhan Optics Valley Union on June 24, 2005, we have focused on the development and operation of commercial business parks as core business.

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

2004	• We commenced the pre-sale of Optics Valley Software Park (光谷軟件園) in Wuhan in December.
2008	• We commenced our development management services for Wuhan National Biotech Innovation Business Park (武漢國家生物產業創新基地) in Wuhan in December.
2009	• We commenced the pre-sale of Romantic Town (麗島漫城) in Wuhan in April.
	• We commenced the construction of Optics Valley Financial Harbour (金融港) in Wuhan in June.
2010	• We commenced our development management services for Wuhan Hi-tech Medical Devices Business Park (武漢高科醫療器械園) in July.
	• We commenced our development management services for Wuhan Future Technology City (武漢未來科技城) in October.
	• Wuhan Optics Valley Union obtained the national first-grade qualification in real estate development (全國房地產開發企業一級資質) in October.

2011
- We entered into the project framework agreement regarding Qingdao Optics Valley Software Park (青島光谷軟件園) in May.
- We entered into the project framework agreement regarding Shenyang Financial Harbour (瀋陽金融港) in December.
- We commenced the construction of Wuhan Innocenter (武漢研創中心) in Wuhan in December.

2012
- We commenced the construction of Creative Capital (創意天地) in Wuhan in February.
- We entered into the project framework agreement regarding Ezhou OVU Science and Technology City (鄂州光谷聯合科技城) in February.
- We entered into the project framework agreement regarding Huangshi OVU Science and Technology City (黃石光谷聯合科技城) in April.
- We commenced the pre-sale of Lido Mason (麗島美生) in May.
- We commenced the construction of Qingdao Optics Valley Software Park (青島光谷軟件園) in Qingdao in July.
- We commenced the pre-sale of Wuhan Innocenter (武漢研創中心) in October.
- Wuhan Optics Valley Union was granted the "Guangsha Award 2011-2012 (廣廈獎)" by China Real Estate Industry Association (中國房地產業協會) and the Center for Housing Industrialisation of the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部住宅產業化促進中心) in November. See the subsection headed "Business – Awards and Recognitions" in this prospectus for further details.

2013
- We entered into the project framework agreement regarding Hefei Financial Harbour (合肥金融港) in January.
- We launched Experience Pavilion of Creative Capital (創意天地體驗館) in Wuhan in July.
- We were ranked as one of the 2013 Top 10 Brands of China Industrial Real Estate Companies (2013中國產業地產品牌價值TOP10) in September. See the subsection headed "Business – Awards and Recognitions" in this prospectus for further details.

OUR SUBSIDIARIES

As of the Latest Practicable Date, our Group had either established or acquired 31 subsidiaries. The following tables set forth the corporate information of our subsidiaries:

Subsidiaries established by our Company (or through its subsidiaries)

Name of Subsidiary	Date of Incorporation	Principal Business	Effective Equity Interests Owned by Our Company
Wuhan Qianbao Media	December 29, 2003	Advertising service	100%
Huangshi OVU Development	January 24, 2005	Property development	100%
OV Financial Harbour Development	July 24, 2008	Property development	100%
OV Energy Conservation Technology	July 26, 2010	Energy Conservation Technology Service	80%(1)
OVU Architectural Design Institute	April 21, 2011	Project planning and design service	100%
Wuhan Quanpai Catering Management	June 7, 2011	Group catering service	100%
Qingdao OVU Development	September 1, 2011	Property development	100%
Wuhan Real Estate Agency	September 16, 2011	Property agency service	100%
Wuhan Lido Curtain Wall	November 17, 2011	Construction service	100%
Wuhan Lido Real Estate Agency	February 20, 2012	Property agency service	100%
Wuhan Lido Human Resources	May 15, 2012	Human resources service	100%
Hubei Technology Enterprise Accelerator	May 18, 2012	Property development	80%(2)
Shenyang OVU Development	May 29, 2012	Property development	100%
Wuhan Shangyuan	November 19, 2012	Labor Service	100%
OV Energy Conservation Engineering	January 23, 2013	Electrical and mechanical service	100%
Wuhan Ziyuan Hotel Management	February 1, 2013	Hotel management	100%
Hefei OVU Development	September 13, 2013	Property development	92%(3)
Wuhan Yinxun Human Resources	January 2, 2014	Human resources service	51%(4)

Notes:

(1) OV Energy Conservation Technology is owned as to 80% by Wuhan Optics Valley Union and 20% by Wuhan High & New Redian Company Limited* (武漢高新熱電股份有限公司).

(2) Hubei Technology Enterprise Accelerator is owned as to 80% by Wuhan Optics Valley Union, 13.33% by Hubei High & New Technology Industrial Investment Co., Ltd.* (湖北省高新技術產業投資有限公司) and 6.67% by an Independent Third Party.

(3) Hefei OVU Development is owned as to 92% by Wuhan Optics Valley Union and 8% by Shanghai Jingzhao Aoxi Investment Center* (上海京兆奧喜投資中心).

(4) Wuhan Yinxun Human Resources is owned as to 51% by Wuhan Optics Valley Union and 49% by Wuhan Yingruizhi Management Consulting Co., Ltd. (武漢盈瑞智管理顧問有限公司).

Subsidiaries acquired by our Company (or through its subsidiaries)

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
BVI 3A (100%)	• On June 8, 2000, Mr. Huang Liping acquired the entire equity interests in BVI 3A from Ms. Sun Siu Lai, who is Mr. Tse Shing Ming's wife, at a consideration of US$100 at par value. At the time of acquisition, BVI 3A held a 17.83% equity interest in HK 3A.	Investment holding June 17, 1997
HK 3A (100%)	• On September 27, 2004, BVI 3A acquired an 82.17% equity interest in HK 3A from Forever Bright Limited, an Independent Third Party, at a nominal consideration of HK$1.00 in total. As a result, HK 3A became a wholly-owned company of BVI 3A.	Investment holding December 13, 1996
Wuhan United Real Estate (100%)	• On September 18, 1998, Wuhan Qianbao Property acquired a 10.0% equity interest in Wuhan United Real Estate from Shentong (Wuhan) Technology Co., Ltd.* (深通(武漢)科技有限公司), which is an Independent Third Party, at a consideration of RMB2,220,000. The consideration was determined with reference to the net assets value of Wuhan United Real Estate after arm's length negotiations. • On September 18, 1998, HK 3A acquired a 45.0% equity interest in Wuhan United Real Estate (previously known as Nanbao (Wuhan) Estate Management Limited* (南寶(武漢)物業有限公司)) from Chase Pearl Investments Limited (開寶投資有限公司) ("Chase Pearl"), an Independent Third Party, at a consideration of RMB10,000,000 (the "Transfer"). The consideration was determined with reference to the net assets value of Wuhan United Real Estate after arm's length negotiations.	Property development July 23, 1993

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	Chase Pearl was incorporated in Hong Kong on April 30, 1991. On February 9, 1996, the name of Chase Pearl was struck off the Register of Companies by the Registrar of Companies pursuant to section 291(6) of the Predecessor Companies Ordinance, and Chase Pearl was accordingly dissolved on the same day. Based on enquiries made with the Companies Registry, we believe that the strike-off and dissolution was due to the failure of Chase Pearl in filing its annual returns. An application was made to the court in Hong Kong pursuant to section 291(7) of the Predecessor Companies Ordinance to restore the name of Chase Pearl to the Register of Companies and such an order (the "Restoration Order") was granted by the court on December 12, 2013. As advised by the Barrister, according to Top Creative Ltd. v. St. Albans District Council [2000] 2 BCLC 379 and El Vince Ltd. v. Wu Wen Sheng [2001] 4 HKC 107, 3 HKLRD 445, under Hong Kong law, the Restoration Order has the effect of validating retrospectively all acts done in the name or on behalf of Chase Pearl during the period from its dissolution to its restoration. To the best of our Directors' knowledge after making all reasonable enquiries, at the time of entering into the share transfer agreement dated April 25, 1997 between Chase Pearl and HK 3A in respect of the Transfer (the "Share Transfer Agreement"), HK 3A was not legally represented and was not aware of the fact that the name of Chase Pearl had been struck off from the Register of Companies by the Registrar of Companies pursuant to section 291(6) of the Predecessor Companies Ordinance. Our Directors further confirm that to the best of their knowledge after making all reasonable enquiries, they are not aware of any circumstances where the Company's interest in Wuhan United Real Estate has been questioned or challenged since the date of the Transfer. As advised by Jingtian & Gongcheng, the PRC legal advisors to the Company, all necessary approvals in respect of the Transfer had been obtained and registration of the transfer of the 45% equity interest from Chase Pearl to HK 3A was completed on September 18, 1998 in accordance with relevant PRC laws, and HK 3A is registered as the legal and beneficial owner of entire 100% equity interests in Wuhan United Real Estate. In view of the fact that Chase Pearl has obtained the Restoration Order which, as advised by the Barrister, has the effect of validating retrospectively all the acts done in the name or on behalf of Chase Pearl in the period from its dissolution to its restoration, Jingtian & Gongcheng has further advised that:	

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	(i) the signatory to the Share Transfer Agreement can be deemed as having the authority to sign the Share Transfer Agreement on behalf of Chase Pearl from the perspective of PRC laws according to section 49 of the PRC Contract Law (中華人民共和國合同法) as before the signing of Share Transfer Agreement, the documents in respect of Wuhan United Real Estate, including the establishment document of Wuhan United Real Estate, were all signed by the same signatory on behalf of Chase Pearl and HK 3A has confirmed that it was not aware of any situation that indicated the signatory had no authority to sign the Share Transfer Agreement on behalf of Chase Pearl; and (ii) if the analysis of (i) above were accepted by the relevant court or arbitration institution hearing any dispute on the matter, the Share Transfer Agreement and the transfer of the 45% interests in Wuhan United Real Estate to HK 3A should be binding upon Chase Pearl under PRC laws. The Barrister has also advised that the risk of the Share Transfer Agreement and the transfer of the 45% equity interests in Wuhan United Real Estate to HK 3A being set aside by Chase Pearl, and/or by its shareholders or directors in a derivative action on behalf of Chase Pearl, under Hong Kong law is minimal based on the following reasons: (1) the Restoration Order has been granted and Chase Pearl's name was subsequently restored to the Register of Companies as notified in the Gazette Notice dated January 3, 2014; (2) the proper law of contract for the Share Transfer Agreement is PRC law and on the basis of Jingtian & Gongcheng's opinion, the Share Transfer Agreement should be binding upon Chase Pearl under PRC laws; (3) for more than 16 years since the execution of the Share Transfer Agreement, no action has ever been taken by Chase Pearl or any of its directors or shareholders against our Group in respect of our interest in Wuhan United Real Estate; and (4) Wuhan United Real Estate has (through the effort of HK 3A and without any contribution from Chase Pearl or its directors and shareholders) grown both in terms of the profitability of its business and its net asset value.	

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	• On May 21, 2003, Wuhan Qianbao Property acquired a 35.0% equity interest in Wuhan United Real Estate from Wuhan Minben Technology Co., Ltd.* (武漢民本科技有限公司) ("Wuhan Minben") at nil consideration. Wuhan Minben is an investment holding company and was owned as to approximately 17.8% by Mr. Huang Liping and 37.6% by Mr. Tse Shing Ming at the time of the acquisition. This acquisition was made at nil consideration as Mr. Huang Liping waived certain dividends payable to him by Wuhan Minben, which were in an amount equivalent to the registered share capital of Wuhan United Real Estate represented by the 35% equity interest acquired by Wuhan Qianbao Property. • On November 23, 2007, Wuhan Lido Investment acquired a 10.0% equity interest in Wuhan United Real Estate from an Independent Third Party at a consideration of RMB16,250,000. The consideration was determined with reference to the net asset value of Wuhan United Real Estate as of December 31, 2006. • As part of the Reorganization, we acquired 10.0% and 45.0% equity interests in Wuhan United Real Estate from Wuhan Lido Investment and Wuhan Qianbao Property, respectively. See the subsection headed "– Onshore Reorganization – Acquisition of Wuhan United Real Estate" in this section for further details. As a result of the above acquisitions and the Reorganization, Wuhan United Real Estate has become wholly owned by HK 3A.	
Wuhan Jitian Construction (100%)	• On January 18, 2011, Wuhan Optics Valley Union acquired the entire equity interest in Wuhan Jitian Construction from three individual Independent Third Parties at a total consideration of RMB22,000,000. The consideration was determined with reference to the then registered capital of Wuhan Jitian Construction.	Construction service June 11, 2001

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	• On January 6, 2012, Wuhan Lido Property Management acquired the entire equity interest in Wuhan Jitian Construction from Wuhan Optics Valley Union at a consideration of RMB100,000,000. The consideration was determined with reference to the then registered capital of Wuhan Jitian Construction. • As part of the Reorganization, Wuhan Optics Valley Union acquired the entire equity interest in Wuhan Jitian Construction from Wuhan Lido Property Management and HK 3A acquired a 75.0% equity interest in Wuhan Jitian Construction from Wuhan Optics Valley Union. See the subsection headed "– Reorganization – Onshore Reorganization – Equity Transfer of Wuhan Jitian Construction" in this section for further details. As a result of the above acquisitions, Wuhan Jitian Construction has become owned as to 75.0% by HK 3A and 25.0% by Wuhan Optics Valley Union.	
Wuhan Optics Valley Union (100%)	• On June 6, 2005, Wuhan United Real Estate entered into an equity transfer agreement to acquire an 80.0% equity interest in Wuhan Optics Valley Union from Wuhan East Lake High Technology at a consideration of RMB136,133,300. The consideration was determined with reference to the then net assets value of Wuhan Optics Valley Union after arm's length negotiations. On February 2, 2007, Wuhan Xuefu entered into equity transfer agreements with Wuhan United Real Estate and Wuhan Qianbao Property, respectively. According to these two equity transfer agreements, Wuhan Xuefu transferred 15% and 5% equity interests it held in Wuhan Optics Valley Union to Wuhan United Real Estate and Wuhan Qianbao Property at a consideration of RMB25,525,000 and RMB8,508,500, respectively. The considerations were determined with reference to the then net assets value of Wuhan Optics Valley Union after arms' length negotiations. Upon completion of the above equity transfers, Wuhan Optics Valley Union was owned as to 95% by Wuhan United Real Estate and 5% by Wuhan Qianbao Property. On February 16, 2007, Wuhan Optics Valley Union completed the registration of the aforesaid equity transfer with local branch of SAIC.	Property development July 24, 2000

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	• On January 7, 2008, Hubei Science & Technology Investment acquired a 17.0% equity interest in Wuhan Optics Valley Union by means of a capital increase of RMB30,714,286. As a result of the capital increase, Wuhan Optics Valley Union was owned as to 78.85% by Wuhan United Real Estate, 4.15% by Wuhan Qianbao Property and 17.0% by Hubei Science & Technology Investment. • On June 23, 2008, 67 individual shareholders, who were our employees acquired a total equity interest of 16.6% in Wuhan Optics Valley Union from Wuhan United Real Estate at a total consideration of RMB34,200,000 based on a price of RMB1.14 per share. The consideration was determined with reference to the net asset value of Wuhan Optics Valley Union as of December 31, 2007. As a result of the acquisitions, Wuhan Optics Valley Union was owned as to 62.25% by Wuhan United Real Estate, 17% by Hubei Science & Technology Investment, 4.15% by Wuhan Qianbao Property and 16.6% by the 67 individual shareholders. Upon completion of a series of equity transfers by two out of 67 individual shareholders in September 2009 and January 2010, 66 individual shareholders, who were our employees, held in total a 16.6% equity interest in Wuhan Optics Valley Union as of January 25, 2010. • In August 2010, Wuhan Optics Valley Union issued 15 new shares for each existing 10 shares held by its shareholders for free by means of converting its capital reserve of approximately RMB306 million into registered capital. • On December 28, 2010, 27 out of the 66 individual shareholders and 88 new individual shareholders, who were our employees, further subscribed equity interests in Wuhan Optics Valley Union by means of a capital increase of RMB28,214,285 based on a price of RMB2.88 per share with reference to the then net assets value of Wuhan Optics Valley Union with surplus to reflect the fair value. As a result of the capital increase, Wuhan Optics Valley Union was owned as to 60.878% by Wuhan United Real Estate, 3.906% by Wuhan Qianbao Property, 15.997% by Hubei Science & Technology Investment and 19.219% by 154 individual shareholders.	

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	• Upon completion of a series of equity transfers by three of the 154 individual shareholders in March 2011 and May 2011, Wuhan Optics Valley Union was owned as to approximately 63.419% by Wuhan United Real Estate, 15.997% by Hubei Science & Technology Investment, 3.906% by Wuhan Qianbao Property and 16.678% by 152 individual shareholders who were our employees (the "152 Individual Shareholders"). • As part of the Reorganization, we acquired 15.997%, 3.906% and 16.678% equity interests in Wuhan Optics Valley Union from Hubei Science & Technology Investment, Wuhan Qianbao Property and the 152 Individual Shareholders, respectively. See the subsection headed "– Onshore Reorganization – Acquisition of Wuhan Optics Valley Union" in this section for further details. As a result of the above acquisitions and the Reorganization, Wuhan Optics Valley Union has become wholly owned by Wuhan United Real Estate.	
Hubei Huisheng (100%)	• On September 25, 2008, Wuhan Optics Valley Union acquired a 95.0% equity interest in Hubei Huisheng from two individual Independent Third Parties at a consideration of RMB28,500,000. The consideration was determined after arm's length negotiations. • On December 3, 2008, Wuhan Optics Valley Union acquired a 5.0% equity interest from an individual Independent Third Party at a consideration of RMB1,500,000. The consideration was determined after arm's length negotiations. As a result of the above acquisitions, Hubei Huisheng has become wholly owned by Wuhan Optics Valley Union.	Property development December 8, 2005

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
Wuhan Lido Property Management (100%)	• On August 7, 2003, Wuhan United Real Estate acquired an 80.0% equity interest in Wuhan Lido Property Management by means of a capital increase of RMB4,000,000. • On December 29, 2007, Wuhan Optics Valley Union acquired a 64.0% and 16.0% equity interests in Wuhan Lido Property Management from Wuhan United Real Estate and Wuhan Qianbao Property at a consideration of RMB3,200,000 and RMB800,000, respectively. The considerations were determined with reference to the original capital contributions from Wuhan United Real Estate and Wuhan Qianbao Property. • On June 25, 2008, Wuhan Optics Valley Union acquired a 20.0% equity interest in Wuhan Lido Property Management from eight individual shareholders at a total consideration of RMB1,700,000 based on a price of RMB1.70 per share. At the time of acquisition, seven out of the eight individuals were our employees and the other individual was our ex-employee. The consideration was determined with reference to the net asset value of Wuhan Lido Property Management as of December 31, 2007. As a result of the above acquisitions, Wuhan Lido Property Management has become wholly owned by Wuhan Optics Valley Union.	Property management service July 19, 2000
Wuhan Lido Technology (100%)	• On June 23, 2008, Wuhan Optics Valley Union acquired the entire equity interest in Wuhan Lido Technology from 19 individual shareholders at a total consideration of RMB18,000,000 based on a price of RMB1.80 per share. At the time of acquisition, 18 out of the 19 individuals were our employees and the other individual was our ex-employee. The consideration was determined with reference to the net asset value of Wuhan Lido Technology as of December 31, 2007. As a result of the above acquisition, Wuhan Lido Technology has become wholly owned by Wuhan Optics Valley Union.	Construction service December 13, 2000

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
Wuhan Minghong (100%)	• On May 5, 2008, Wuhan Optics Valley Union acquired a 70.0% equity interest in Wuhan Minghong from two individuals Independent Third Parties at a total consideration of RMB27,000,000. On November 28, 2008, Wuhan Optics Valley Union acquired the remaining 30.0% equity interest (representing RMB9 million of registered capital of Wuhan Minghong) in Wuhan Minghong from these two individuals in consideration of which Wuhan Optics Valley Union transferred its 75.0% equity interest in Wuhan Hongming Technology Development Co., Ltd.* (武漢鴻鳴科技發展有限公司) ("Wuhan Hongming") (representing RMB15 million of the registered capital of Wuhan Hongming) to the two individual Independent Third Parties. The total consideration was determined after arm's length negotiations. As a result of the above acquisitions, Wuhan Minghong has become wholly owned by Wuhan Optics Valley Union. Wuhan Minghong operated two projects at the time of the acquisition: the Yishuiyuan Project (依水園項目) and the Canglongdao Project (藏龍島項目). The purposes of our acquisition of Wuhan Minghong were to acquire the land use rights of the Canglongdao Project for the development of Wuhan Innocenter. According to the relevant equity transfer agreements between us and two prior individual shareholders of Wuhan Minghong, these two projects will be managed separately by us and the prior shareholders. See the subsection headed "Risk Factors – We could be subject to risks relating to Wuhan Minghong and the Yishuiyuan Project operated by Wuhan Minghong's prior shareholders" in this prospectus for further details.	Property development February 8, 2001
Optics Valley Software Park (100%)	• On May 29, 2012, Wuhan Optics Valley Union acquired a 50.0% equity interest in Optics Valley Software Park from an Independent Third Party at a consideration of RMB41,500,000. The consideration was determined with reference to the net asset value of Optics Valley Software Park at the time of acquisition.	Property development September 8, 2005

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
	• On May 17, 2013, Wuhan Optics Valley Union acquired a 50.0% equity interest in Optics Valley Software Park from Hubei Science & Technology Investment at a consideration of RMB35,054,250. The consideration was determined with reference to valuation result of the 50.0% equity interest initially held by Hubei Science & Technology Investment. As a result of the above acquisitions, Optics Valley Software Park has become wholly owned by Wuhan Optics Valley Union.	
Wuhan Xuefu (51%)	• On January 20, 2006, Wuhan United Real Estate acquired a 44.0% equity interest in Wuhan Xuefu from Wuhan East Lake High Technology at a consideration of RMB63,131,200. The consideration was determined with reference to the then net assets value of Wuhan Xuefu. • On January 4, 2008, Wuhan Optics Valley Union acquired a 44.0% equity interest in Wuhan Xuefu from Wuhan United Real Estate and a 5.0% equity interest from Wuhan Qianbao Property at a consideration of RMB63,131,200 and RMB3,000,000, respectively. The consideration was determined with reference to the initial acquisition costs paid by Wuhan United Real Estate and Wuhan Qianbao Property. • On November 28, 2011, Wuhan Optics Valley Union acquired a 2.0% equity interest in Wuhan Xuefu from Wuhan East Lake High Technology at a consideration of RMB4,448,400. The consideration was determined with reference to the net asset value of Wuhan Xuefu at the time of acquisition. As a result of the above acquisitions, Wuhan Xuefu has become owned as to 51.0% by Wuhan Optics Valley Union and 49.0% by Wuhan East Lake High Technology.	Property development April 29, 1999

Name of Subsidiary and Effective Equity Interests Owned by Us	Details of Acquisitions	Principal Business and Date of Incorporation
Wuhan Financial Harbour Development (70%)	• Upon its incorporation, Wuhan Financial Harbour Development was wholly owned by Hubei Science & Technology Investment. • On May 11, 2012, Wuhan Optics Valley Union acquired a 70.0% equity interest in Wuhan Financial Harbour Development by means of a capital increase of RMB140,000,000. As a result of the above capital increase, Wuhan Financial Harbour Development has become owned as to 70.0% by Wuhan Optics Valley Union and 30.0% by Hubei Science & Technology Investment.	Property development December 5, 2011
Energy Conservation Technology Park (70%)	• Upon its incorporation, Energy Conservation Technology Park was wholly owned by Hubei Science & Technology Investment. • On May 9, 2012, Wuhan Optics Valley Union acquired a 70.0% equity interest in Energy Conservation Technology Park by means of a capital increase of RMB140,000,000. As a result of the above capital increase, Energy Conservation Technology Park has become owned as to 70.0% by Wuhan Optics Valley Union and 30.0% by Hubei Science & Technology Investment.	Property development December 8, 2011

During our history, we acquired certain equity interests that were initially owned by state-owned companies. These equity interests included a 10% equity interest in Wuhan United Real Estate, 100% equity interest in Optics Valley Software Park and a 50% equity interest in Wuhan Mason (together, the “Equity Interests”). Our Group acquired the 10% equity interest in Wuhan United Real Estate directly from its state-owned shareholder and the remaining Equity Interests from other parties who had first acquired these equity interests from their respective state-owned shareholders. Approvals from the local authorities of relevant districts in Wuhan were obtained when the Equity Interests were first transferred (the “Transfers”) by their respective state-owned shareholders. However, no valuation was conducted for such equity interests at the time of Transfers and the Transfers did not undergo a listing-for-sale process at the designated exchange center, both of which were required by relevant rules governing the transfer of state-owned assets (the “Non-compliance Matter”).

According to the Provisional Measures for the Transfer of State-Owned Property Rights of Enterprises (《企業國有產權轉讓管理暫行辦法》) and the Provisional Measures for the Administration of Assessment of State-Owned Assets of Enterprises (《企業國有資產評估管理暫行辦法》), in the event of a transfer of state-owned assets which is not in compliance with applicable PRC laws or regulations, the state-owned assets supervision and administration authorities have the right to require the transferors to rectify such non-compliance or to seek a court order to nullify such transfers.

We have obtained a confirmation letter from the Hubei Provincial State-owned Assets Supervision and Administration Committee (湖北省國有資產監督管理委員會) (the "Hubei SASAC") dated March 13, 2014 confirming that the Transfers to our Group have not caused any loss of state-owned assets, have been in compliance with PRC laws and are legally valid. As advised by Jingtian & Gongcheng, the PRC legal advisors to the Company, Hubei SASAC is the appropriate and competent authority to issue such confirmations.

As advised by Jingtian & Gongcheng, the PRC legal advisors to the Company, it is the obligation of the transferors to fulfill the relevant requirements, including completing the valuation and going through the listing-for-sale process, as required by the relevant rules governing the transfers of state-owned assets, and the transferee would not be held responsible for such non-compliance. The PRC legal advisors further advised that the Group will not be subject to any other fines due to the Non-compliance Matter.

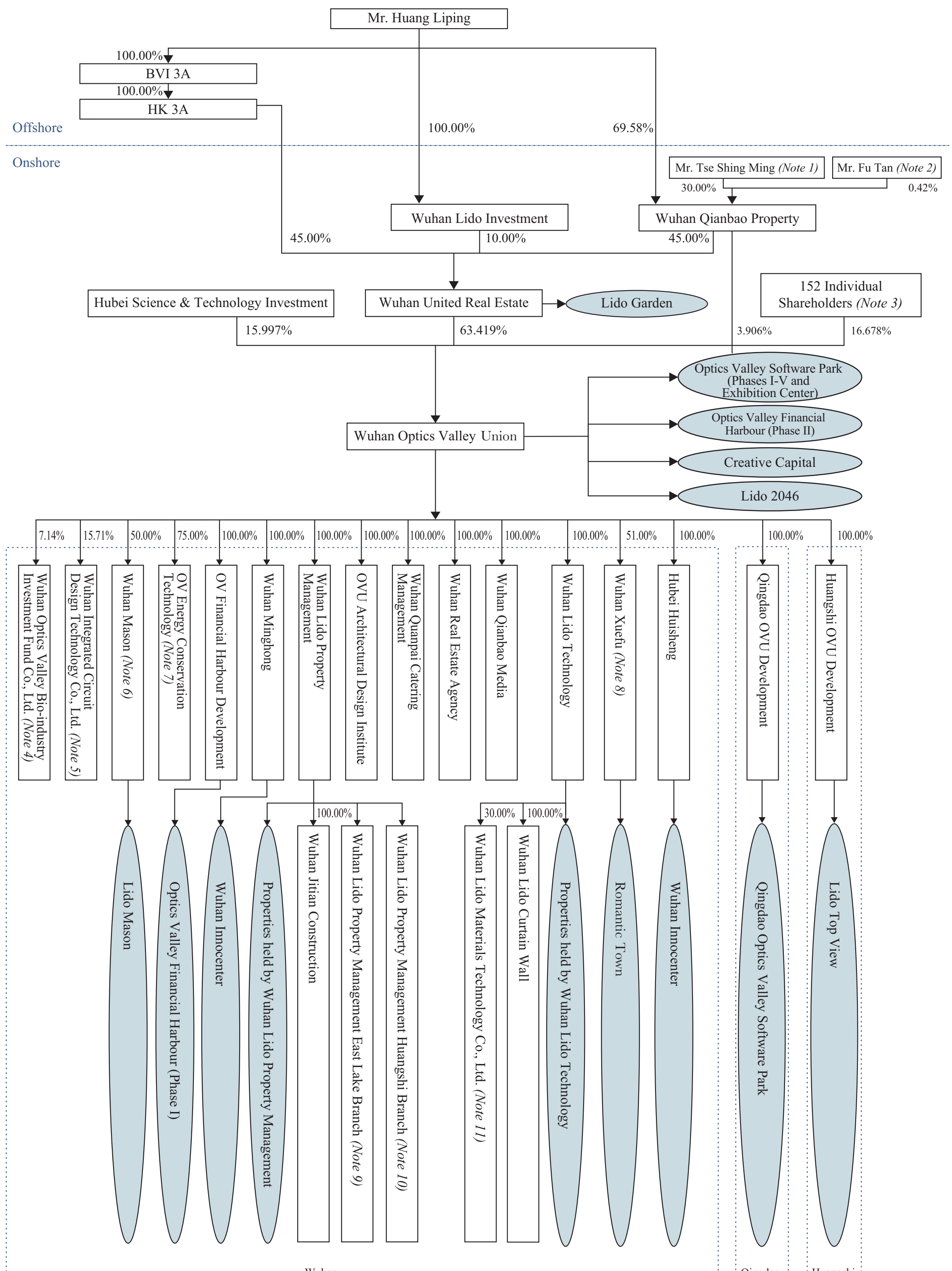
As advised by our PRC legal advisors, Jingtian & Gongcheng, save as disclosed above, all the aforementioned acquisitions have obtained necessary approval and/or finished necessary registration procedure according to the PRC laws.

DISPOSAL OF WUHAN KERNEL BIO-TECH

Wuhan Kernel Bio-Tech Co., Ltd.* (武漢科諾生物科技股份有限公司) ("Wuhan Kernel Bio-Tech") is a limited liability company incorporated in the PRC on April 23, 1999. We acquired Wuhan Kernel Bio-Tech, a bio-pesticide manufacture company, from Wuhan East Lake High Technology on April 28, 2005 and as part of our strategic efforts to focus on the business park development and operations, disposed of all our equity interests in Wuhan Kernel Bio-Tech to an Independent Third Party on normal commercial terms on November 17, 2011 after arm's length negotiations. During the Track Record Period, profit generated from and attributable to Wuhan Kernel Bio-Tech was RMB5.4 million, RMB35.8 million and nil for the years ended December 31, 2010, 2011 and 2012, respectively. See the subsection headed "Financial Information – Results of Operations" in this prospectus for further details.

REORGANIZATION

The following chart sets forth our Group's corporate and shareholding structure and our interests in associated companies, joint ventures and investments immediately prior to the Reorganization:



Notes:

(1) Mr. Tse Shing Ming (謝聖明) is Mr. Huang Liping's uncle-in-law.

(2) Mr. Fu Tan (付坦) is Mr. Huang Liping's brother-in-law.

(3) The 152 Individual Shareholders were our employees. See the subsection headed "– Reorganization – Onshore Reorganization – Acquisition of Wuhan Optics Valley Union" in this section for further details.

(4) The remaining 10.00%, 35.71%, 14.28%, 14.29% and 18.57% equity interests in Wuhan Optics Valley Bio-industry Investment Fund Co., Ltd.* (武漢光谷生物產業創業投資基金有限公司) were held by Wuhan Optics Valley Fund Management Co., Ltd.* (武漢光谷創投基金管理有限公司), Wuhan Xinchuang Chuangye Investment Co., Ltd.* (武漢新創創業投資有限公司), two Independent Third Parties, Hubei Science & Technology Investment and Wuhan Optics Valley Bio-industry Base Construction Investment Co., Ltd.* (武漢光谷生物產業基地建設投資有限公司), a subsidiary of Hubei Science & Technology Investment, respectively.

(5) The remaining 42.77%, 24.22% and 17.30% equity interests in Wuhan Integrated Circuit Design Technology Co., Ltd.* (武漢集成電路設計工程技術有限公司) were held by Huazhong Technology Industrial Group Co., Ltd.* (華中科技大產業集團有限公司), Wuhan Huoju Technology Investment Co., Ltd.* (武漢火炬科技投資有限公司) and Wuhan East Lake New Technology Development Zone Productivity Promotion Center* (武漢東湖新技術開發區生產力促進中心), a subsidiary of Hubei Science & Technology Investment, respectively.

(6) The remaining 50.0% equity interest in Wuhan Mason was held by Tianjin Meitong Development Co., Ltd. (天津美通發展有限公司).

(7) The remaining 20.0% and 5.0% equity interests in OV Energy Conservation Technology were held by Wuhan High & New Redian Company Limited* (武漢高新熱電股份有限公司) and an Independent Third Party, respectively.

(8) The remaining 49.0% equity interest in Wuhan Xuefu was held by Wuhan East Lake High Technology.

(9) Wuhan Lido Property Management East Lake Branch* (武漢麗島物業管理東湖分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on March 14, 2011.

(10) Wuhan Lido Property Management Huangshi Branch* (武漢麗島物業管理黃石分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on August 29, 2007.

(11) The remaining 70.0% equity interest in Wuhan Lido Materials Technology Co., Ltd.* (武漢麗島材料技術發展有限公司) was held by our employee.

In preparation for the Global Offering, we carried out a series of restructuring steps beginning in February 2012 for the purpose of establishing and streamlining our corporate structure for the Listing and to facilitate our growth and expansion strategy. The principal steps involved in the Reorganization are summarized as below.

Onshore Reorganization

Acquisition of Wuhan United Real Estate

Immediately prior to the Reorganization, Wuhan United Real Estate was owned as to 45.0% by HK 3A, 10.0% by Wuhan Lido Investment and 45.0% by Wuhan Qianbao Property. On February 15, 2012, HK 3A entered into an equity transfer agreement with Wuhan Lido Investment, pursuant to which HK 3A acquired a 10.0% equity interest in Wuhan United Real Estate from Wuhan Lido Investment at a consideration of RMB16,250,000. On the same day, HK 3A entered into an equity transfer agreement with Wuhan Qianbao Property, pursuant to which HK 3A acquired a 45.0% equity interest in Wuhan United Real Estate from Wuhan Qianbao Property at a consideration of RMB14,334,000. The considerations for such acquisitions were determined with reference to their respective initial acquisition costs. As a result of such acquisitions, Wuhan United Real Estate became a wholly-owned subsidiary of HK 3A.

Acquisition of Wuhan Optics Valley Union

Immediately prior to the Reorganization, Wuhan Optics Valley Union was owned as to 15.997% by Hubei Science & Technology Investment, 63.419% by Wuhan United Real Estate, 3.906% by Wuhan Qianbao Property and 16.678% by 152 Individual Shareholders, who were our employees. On February 11, 2012, Wuhan United Real Estate acquired a 3.906% equity interest in Wuhan Optics Valley Union from Wuhan Qianbao Property at a consideration of RMB8,508,500. The consideration was determined with reference to the initial acquisition cost paid by Wuhan Qianbao Property. As a result of the acquisition, Wuhan Optics Valley Union was owned as to 67.325% by Wuhan United Real Estate, 15.997% by Hubei Science & Technology Investment and 16.678% by the 152 Individual Shareholders.

From February 2012 to May 2013, Wuhan United Real Estate entered into equity transfer agreements with 152 Individual Shareholders, pursuant to which Wuhan United Real Estate acquired a total equity interests of 16.678% in Wuhan Optics Valley Union from the 152 Individual Shareholders at a total consideration of RMB105,876,200.

Among the 152 Individual Shareholders, 48 individual shareholders cashed out their equity interests in Wuhan Optics Valley Union due to the reasons that they were no longer our employees or they were in need of cash at the following prices: (i) for the equity interests acquired in 2008, the transfer price was RMB2.88 per share, which was determined with reference to the equity interests subscription price in 2010; and (ii) for the equity interests subscribed in 2010, the transfer price was RMB3.08 or RMB3.32 per share, which was determined with reference to the initial subscription price of RMB2.88 and the interest rate then prevailing in the market.

The remaining 104 individual shareholders out of the 152 Individual Shareholders (the "104 Individual Shareholders") decided to continue to hold the equity interests in our Group and became our Shareholders through a trust after the Reorganization. See the subsection headed "– Reorganization – Offshore Reorganization – Establishment of Trust" in this section for further details on the trust. They transferred all or part[(1)] of their respective equity interests in Wuhan Optics Valley Union to Wuhan United Real Estate based on a price of RMB0.456[(2)] per share (for the equity interests acquired in 2008) and/or RMB2.88 per share (for the equity interests subscribed in 2010) based on the effective/initial acquisition cost.

As a result of the above equity transfers, Wuhan Optics Valley Union was owned as to 84.003% by Wuhan United Real Estate and 15.997% by Hubei Science & Technology Investment.

Hubei Science & Technology Investment is a state-owned enterprise and was established in July 2005. On May 10, 2013, the relevant governmental authority approved Hubei Science & Technology Investment to list its 15.997% equity interest in Wuhan Optics Valley Union for sale on the condition that the consideration shall not be less than RMB215,000,000. On July 15, 2013, Hubei Science & Technology Investment entered into an equity transfer agreement with Wuhan United Real Estate, pursuant to which Wuhan United Real Estate acquired the 15.997% equity interest in Wuhan Optics Valley Union from Hubei Science & Technology Investment at a consideration of RMB215,000,000. The consideration was based on the valuation result of Wuhan Optics Valley Union as of May 31, 2012. The acquisition was completed on August 22, 2013.

Upon completion of the above acquisitions, Wuhan Optics Valley Union became a wholly-owned subsidiary of Wuhan United Real Estate.

Equity Transfer of Wuhan Jitian Construction

On May 14, 2013, Wuhan Optics Valley Union acquired the entire equity interest in Wuhan Jitian Construction from Wuhan Lido Property Management at a consideration of RMB100,000,000. The consideration was determined with reference to the then registered capital of Wuhan Jitian Construction.

Notes:

(1) Some of the 104 Individual Shareholders decided to cash out part of their equity interests in Wuhan Optics Valley Union at the price of RMB2.88 per share (for the equity interests acquired in 2008) and/or RMB3.32 per share (for the equity interests subscribed in 2010).

(2) The initial acquisition cost for the equity interests acquired in 2008 was RMB1.14 per share. In August 2010, Wuhan Optics Valley Union issued 15 new shares for each existing 10 shares held by its shareholders for free. Based on the above, the effective acquisition cost for the equity interests acquired in 2008 is RMB0.456 per share.

On June 4, 2013, HK 3A acquired a 75.0% equity interest in Wuhan Jitian Construction from Wuhan Optics Valley Union at a consideration of RMB157,500,000. The consideration was based on the valuation result of Wuhan Jitian Construction as of May 15, 2013.

Upon completion of the above acquisitions, Wuhan Jitian Construction was owned as to 75.0% by HK 3A and 25.0% by Wuhan Optics Valley Union.

Offshore Reorganization

Incorporation of BVI Holding Companies

AAA Finance was incorporated in the BVI as a limited liability company on July 10, 2013 with an authorized share capital of US$50,000 divided into 50,000 ordinary shares at par value of US$1.0 each. On the same day, 100 shares of AAA Finance were issued and allotted, credited as fully paid, to Mr. Huang Liping at par value. Since then, AAA Finance was wholly owned by Mr. Huang Liping. AAA Finance is an investment holding company, which is expected to be used to set up a family trust for Mr. Huang Liping after the Listing.

Lidao BVI was incorporated in the BVI as a limited liability company on July 10, 2013 with an authorized share capital of US$50,000 divided into 50,000 ordinary shares of par value of US$1.0 each. On the same day, 100 shares of Lidao BVI were issued and allotted, credited as fully paid, to Mr. Huang Liping at par value. Since then, Lidao BVI was wholly owned by Mr. Huang Liping. Lidao BVI is an investment holding company.

Qianbao BVI was incorporated in the BVI as a limited liability company on July 10, 2013 with an authorized share capital of US$50,000 divided into 50,000 ordinary shares of par value of US$1.0 each. On the same day, 100 shares of Qianbao BVI were issued and allotted, credited as fully paid, to Mr. Huang Liping at par value. Since then, Qianbao BVI was wholly owned by Mr. Huang Liping. Qianbao BVI is an investment holding company.

Incorporation of Our Company

On July 15, 2013, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$380,000 divided into 3,800,000 shares with a par value of HK$0.1 each. On July 25, 2013, one subscriber Share was allotted and issued to and was fully paid up by Reid Services Limited and then was transferred to AAA Finance on the same day.

Acquisition of BVI 3A

On August 29, 2013, our Company acquired the entire issued share capital in BVI 3A from Mr. Huang Liping, in consideration of which our Company allotted and issued 73,323 Shares to AAA Finance.

Establishment of Technology Investment HK and Allotment of Shares of HK 3A

Technology Investment HK was incorporated by Hubei Science & Technology Investment in Hong Kong as a limited liability company on July 11, 2013 with an authorized share capital of RMB215,000,000 divided into 215,000,000 shares of RMB1.0 each. Technology Investment HK is an investment holding company.

On August 30, 2013, HK 3A increased its authorized share capital from 1,000,000 shares to 10,000,000 shares of HK$1.0 each.

On August 30, 2013, HK 3A allotted and issued 190,476 ordinary shares to Technology Investment HK at a consideration of RMB215,000,000. The consideration was determined based on arm's length negotiation between the parties and with reference to the consideration for the acquisition of a 15.997% equity interest in Wuhan Optics Valley Union by Wuhan United Real Estate from Hubei Science & Technology Investment.

As a result of the allotment, HK 3A was owned as to approximately 84.0% by BVI 3A and approximately 16.0% by Technology Investment HK.

Establishment of Trust

Hengxin PTC was incorporated in the BVI as a private trust company limited by shares on August 12, 2013. On August 13, 2013, Hengxin PTC allotted and issued, credited as fully paid, one share to Mr. Huang Liping. Pursuant to a trust deed dated September 13, 2013, a trust was established on September 13, 2013 (the "Trust") with Hengxin PTC as trustee. On the same day, our Company issued and allotted 10,679 Shares to Hengxin PTC, which holds such Shares on behalf of and for the benefit of the 104 Individual Shareholders, at a total consideration of RMB49,820,400. The consideration was determined with reference to the initial consideration paid by Wuhan United Real Estate to the 104 Individual Shareholders to transfer their respective equity interests in Wuhan Optics Valley Union. The 104 Individual Shareholders' rights to dispose of their respective interests in the Shares are subject to certain restrictions pursuant to the plan rules adopted by our Company (as amended by the administration committee pursuant to the terms of the trust deed and the plan rules). See the subsection headed "D. The Hengxin PTC Trust" in Appendix VII in this prospectus for further details.

Acquisition of the 16.0% Equity Interests in HK 3A

On September 13, 2013, our Company, through BVI 3A, acquired a 16.0% equity interest in HK 3A from Technology Investment HK at a consideration of RMB215,000,000. The consideration was determined based on arm's length negotiation between the parties and with reference to the initial consideration paid by Technology Investment HK for the 15.997% equity interests in HK 3A. Our Company allotted and issued 15,997 Shares to Technology Investment HK, in exchange for its equity interests in HK 3A. As a result, HK 3A was wholly owned by BVI 3A.

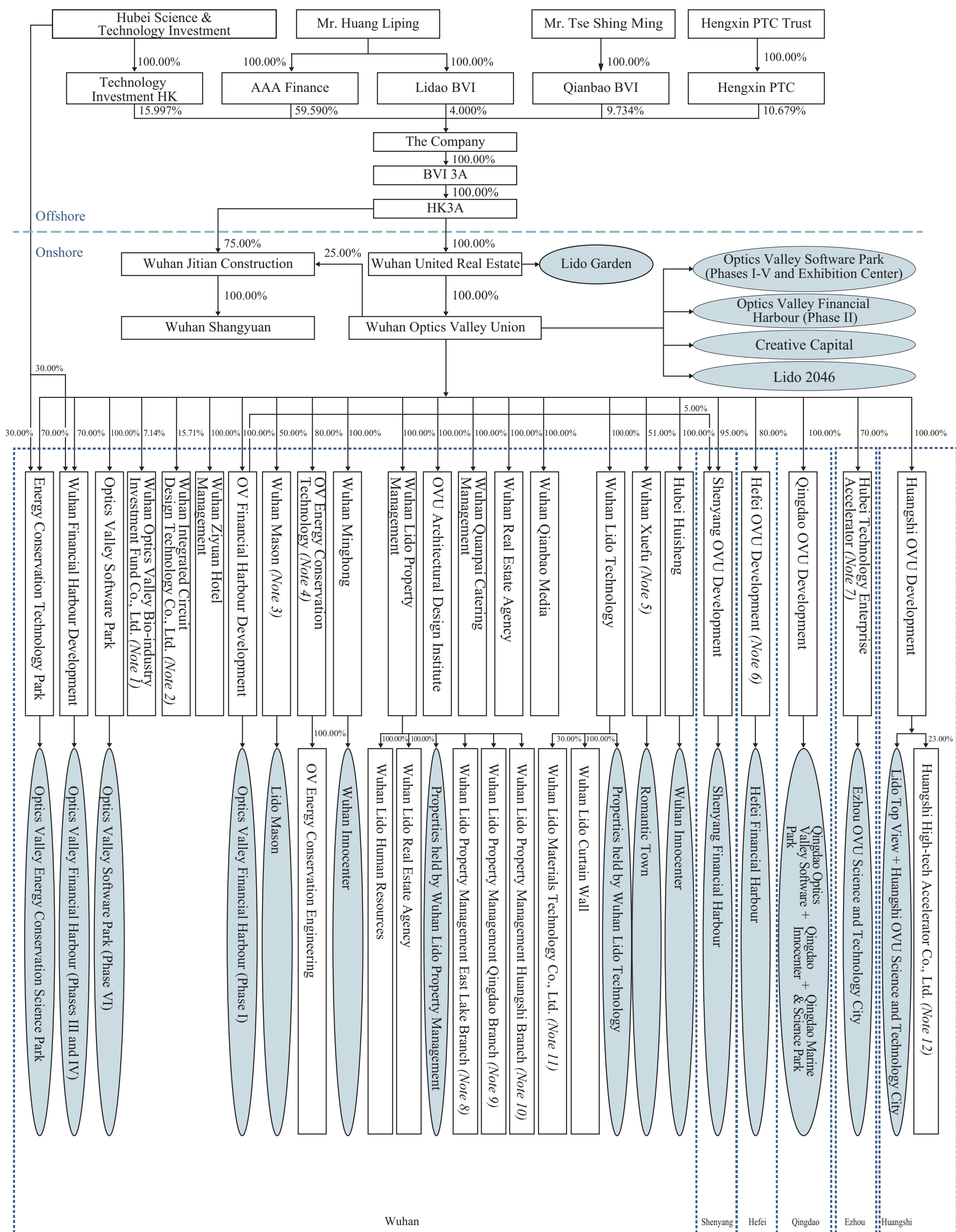
Share Transfers from AAA Finance to Lidao BVI and Qianbao BVI

On September 13, 2013, AAA Finance transferred 4,000 Shares and 9,734 Shares to Lidao BVI and Qianbao BVI at par value, respectively.

On September 16, 2013, Mr. Huang Liping transferred 100 shares in Qianbao BVI to Mr. Tse Shing Ming at a consideration of RMB6,852,750. The consideration was determined with reference to the cost paid by us to acquire the equity interests in Wuhan United Real Estate and Wuhan Optics Valley Union from Mr. Tse Shing Ming through Wuhan Qianbao Property.

Upon completion of the above acquisitions, Qianbao BVI was wholly owned by Mr. Tse Shing Ming.

Upon completion of the above steps in the Reorganization, our Group's corporate and shareholding structure and our interests in associated companies, joint ventures and investments are as follows:



Notes:

(1) The remaining 10.00%, 35.71%, 14.28%, 14.29% and 18.57% equity interests in Wuhan Optics Valley Bio-industry Investment Fund Co., Ltd.* (武漢光谷生物產業創業投資基金有限公司) were held by Wuhan Optics Valley Fund Management Co., Ltd.* (武漢光谷創投基金管理有限公司), Wuhan Xinchuang Chuangye Investment Co., Ltd.* (武漢新創創業投資有限公司), two Independent Third Parties, Hubei Science & Technology Investment and Wuhan Optics Valley Bio-industry Base Construction Investment Co., Ltd.* (武漢光谷生物產業基地建設投資有限公司), a subsidiary of Hubei Science & Technology Investment, respectively.

(2) The remaining 42.77%, 24.22% and 17.30% equity interests in Wuhan Integrated Circuit Design Technology Co., Ltd.* (武漢集成電路設計工程技術有限公司) were held by Huazhong Technology Industrial Group Co., Ltd.* (華中科技大產業集團有限公司), Wuhan Huoju Technology Investment Co., Ltd.* (武漢火炬科技投資有限公司) and Wuhan East Lake New Technology Development Zone Productivity Promotion Center* (武漢東湖新技術開發區生產力促進中心), a subsidiary of Hubei Science & Technology Investment, respectively.

(3) The remaining 50.0% equity interest in Wuhan Mason was held by Tianjin Meitong Development Co., Ltd. (天津美通發展有限公司).

(4) The remaining 20.0% equity interest in OV Energy Conservation Technology was held by Wuhan High & New Redian Company Limited* (武漢高新熱電股份有限公司).

(5) The remaining 49.0% equity interest in Wuhan Xuefu was held by Wuhan East Lake High Technology.

(6) The remaining 20.0% equity interest in Hefei OVU Development was held Shanghai Jingzhao Aoxi Investment Center* (上海京兆奧喜投資中心).

(7) The remaining 20% and 10% equity interests in Hubei Technology Enterprise Accelerator were held by Hubei High & New Technology Industrial Investment Co., Ltd.* (湖北省高新技術產業投資有限公司) and an Independent Third Party, respectively.

(8) Wuhan Lido Property Management East Lake Branch* (武漢麗島物業管理東湖分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on March 14, 2011.

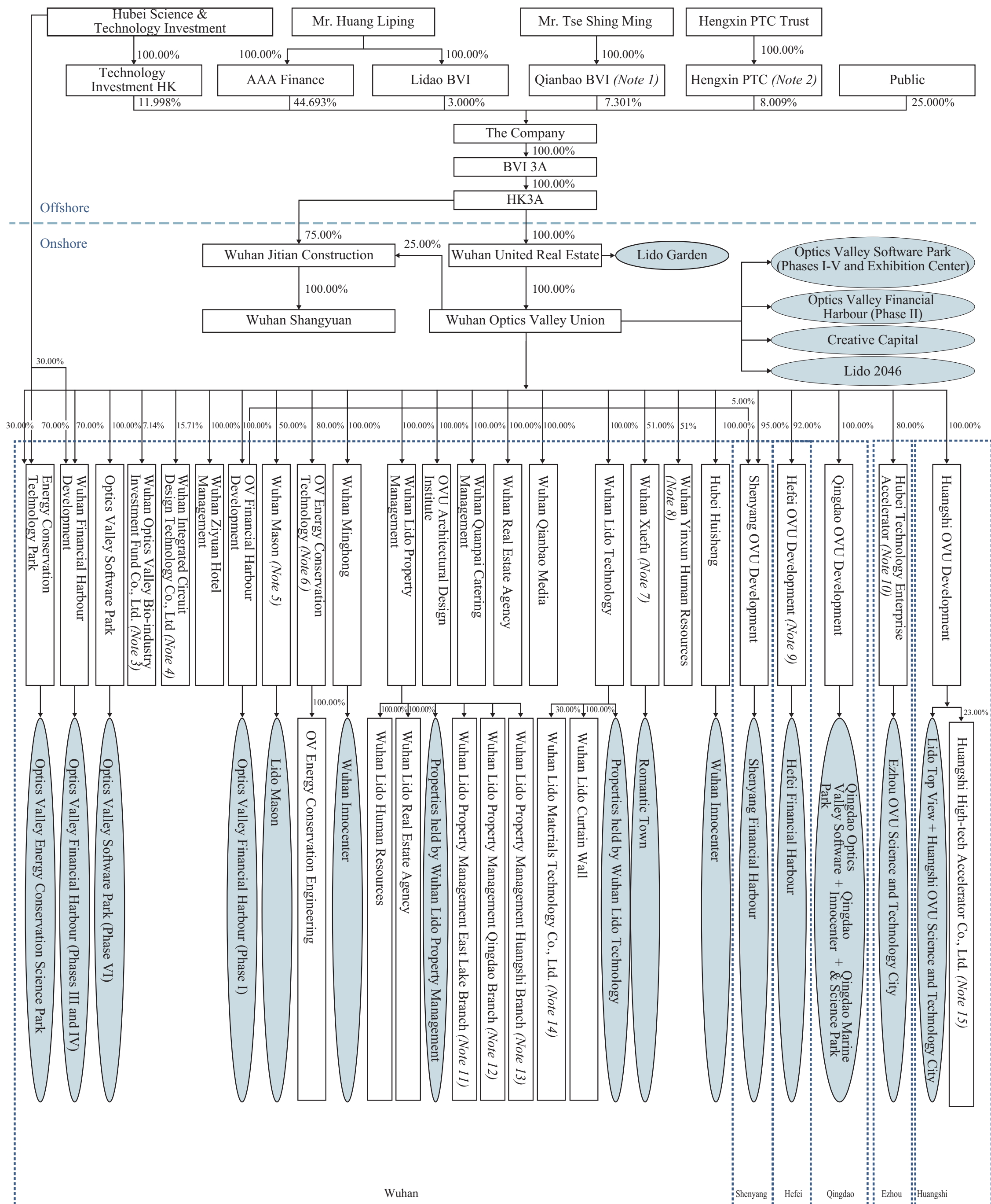
(9) Wuhan Lido Property Management Qingdao Branch* (武漢麗島物業管理青島分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on August 23, 2012.

(10) Wuhan Lido Property Management Huangshi Branch* (武漢麗島物業管理黃石分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on August 29, 2007.

(11) The remaining 70.0% equity interest in Wuhan Lido Materials Technology Co., Ltd.* (武漢麗島材料技術發展有限公司) was held by our employee.

(12) The remaining 30.00%, 23.00%, 23.00% and 1.00% equity interests in Huangshi High-tech Accelerator Co., Ltd.* (黃石高新科技企業加速器發展有限公司) were held by Hubei Huangjinshan Technology Park Co., Ltd.* (湖北黃金山科技園投資有限公司), Huangshi Optics Valley Laser Technology Co., Ltd. (黃石光谷激光技術有限公司), Huangshi Jinhe Industrial and Trading Co., Ltd.* (黃石金禾工貿有限公司) and Huangshi High-tech Chuangye Service Center* (黃石高新技術創業服務中心), respectively.

The following chart sets forth our Group's corporate and shareholding structure and our interests in associated companies, joint ventures and investments upon completion of the Global Offering and the Capitalization Issue (but assuming that the Over-allotment Option is not exercised):



Notes:

(1) Mr. Tse Shing Ming is an uncle-in-law of Mr. Huang Liping and is not an associate of Mr. Huang Liping nor a substantial shareholder of the Company for the purpose of the Hong Kong Listing Rules. His interest in the Shares will be counted towards the public float.

(2) Mr. Hu Bin and Ms. Chen Huifen, our Directors, are beneficiaries of 70,320,000 and 10,950,000 Shares of the Trust, respectively, representing an equity interest of 1.758% and 0.274% in our Company, respectively. Hengxin PTC is regarded as an associate of Mr. Hu Bin and Ms. Chen Huifen for the purpose of the Hong Kong Listing Rules and the Shares held by it will not be counted towards the public float.

(3) The remaining 10.00%, 35.71%, 14.28%, 14.29% and 18.57% equity interests in Wuhan Optics Valley Bio-industry Investment Fund Co., Ltd.* (武漢光谷生物產業創業投資基金有限公司) are held by Wuhan Optics Valley Fund Management Co., Ltd.* (武漢光谷創投基金管理有限公司), Wuhan Xinchuang Chuangye Investment Co., Ltd.* (武漢新創創業投資有限公司), two Independent Third Parties, Hubei Science & Technology Investment and Wuhan Optics Valley Bio-industry Base Construction Investment Co., Ltd.* (武漢光谷生物產業基地建設投資有限公司), a subsidiary of Hubei Science & Technology Investment, respectively.

(4) The remaining 42.77%, 24.22% and 17.30% equity interests in Wuhan Integrated Circuit Design Technology Co., Ltd.* (武漢集成電路設計工程技術有限公司) are held by Huazhong Technology Industrial Group Co., Ltd.* (華中科技大產業集團有限公司), Wuhan Huoju Technology Investment Co., Ltd.* (武漢火炬科技投資有限公司) and Wuhan East Lake New Technology Development Zone Productivity Promotion Center* (武漢東湖新技術開發區生產力促進中心), a subsidiary of Hubei Science & Technology Investment, respectively.

(5) The remaining 50.0% equity interest in Wuhan Mason is held by Tianjin Meitong Development Co., Ltd. (天津美通發展有限公司).

(6) The remaining 20.0% equity interest in OV Energy Conservation Technology is held by Wuhan High & New Redian Company Limited* (武漢高新熱電股份有限公司).

(7) The remaining 49.0% equity interest in Wuhan Xuefu is held by Wuhan East Lake High Technology.

(8) Wuhan Yinxun Human Resources was incorporated on January 2, 2014, being the date after the completion of the Reorganization. The remaining 49% equity interest in Wuhan Yinxun Human Resources is held by Wuhan Yingruizhi Management Consulting Co., Ltd.* (武漢盈瑞智管理顧問有限公司).

(9) Wuhan Optics Valley Union entered into an equity transfer agreement to acquire a 12% equity interest in Hefei OVU Development from Shanghai Jingzhao Aoxi Investment Center* (上海京兆奧喜投資中心) at a consideration of RMB12 million on March 5, 2014, being the date after the completion of the Reorganization. On March 7, 2014, Hefei OVU Development completed the registration of the aforesaid equity transfer with local branch of SAIC. As a result, Hefei OVU Development is owned as to 92.0% by Wuhan Optics Valley Union. The remaining 8.0% equity interest in Hefei OVU Development is held by Shanghai Jingzhao Aoxi Investment Center* (上海京兆奧喜投資中心).

(10) Wuhan Optics Valley Union further subscribed for an additional equity interest in Hubei Technology Enterprise Accelerator by means of a capital increase of RMB50 million on November 25, 2013, being the date after the completion of the Reorganization. As a result, Hubei Technology Enterprise Accelerator is owned as to 80.0% by Wuhan Optics Valley Union. The remaining 13.33% and 6.67% equity interests in Hubei Technology Enterprise Accelerator were held by Hubei High & New Technology Industrial Investment Co., Ltd.* (湖北省高新技術產業投資有限公司) and an Independent Third Party, respectively.

(11) Wuhan Lido Property Management East Lake Branch* (武漢麗島物業管理東湖分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on March 14, 2011.

(12) Wuhan Lido Property Management Qingdao Branch* (武漢麗島物業管理青島分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on August 23, 2012.

(13) Wuhan Lido Property Management Huangshi Branch* (武漢麗島物業管理黃石分公司) is a branch company of Wuhan Lido Property Management and was established in the PRC on August 29, 2007.

(14) The remaining 70.0% equity interests in Wuhan Lido Materials Technology Co., Ltd.* (武漢麗島材料技術發展有限公司) is held by our employee.

(15) The remaining 30.00%, 23.00%, 23.00% and 1.00% equity interests in Huangshi High-tech Accelerator Co., Ltd.* (黃石高新科技企業加速器發展有限公司) were held by Hubei Huangjinshan Technology Park Co., Ltd.* (湖北黃金山科技園投資有限公司), Huangshi Optics Valley Laser Technology Co., Ltd. (黃石光谷激光技術有限公司), Huangshi Jinhe Industrial and Trading Co., Ltd.* (黃石金禾工貿有限公司) and Huangshi High-tech Chuangye Service Center* (黃石高新技術創業服務中心), respectively.

PRC GOVERNMENT APPROVALS

M&A Rules

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, CSRC and SAFE jointly promulgated the Rules on the Acquisition of Domestic Enterprises by Foreign Investors 《關於外國投資者併購境內企業的規定》(the "M&A Rules") to regulate the mergers and acquisitions of domestic enterprises by foreign investors, which came into effect on September 8, 2006. Under the M&A Rules, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise or subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; or (ii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets or purchases the assets of a domestic enterprise and then invests such assets to establish a foreign invested enterprise (the "Regulated Activities"). Our reorganization steps ("Reorganization Steps"), which are described in this section, did not involve any Regulated Activities. Our PRC legal advisors, Jingtian & Gongcheng, have advised us that the acquisition of domestic enterprises by foreign-invested enterprises is governed by the Interim Provisions on Investment in China by Foreign-Invested Enterprises (《關於外商投資企業境內投資的暫行規定》) and other provisions concerning domestic investment by foreign-invested enterprises while the acquisition of foreign-invested enterprises by foreign investors is governed by the Provisions for the Alteration of Investors' Equities in Foreign-invested Enterprises (《外商投資企業投資者股權變更的若干規定》) as well as other provisions concerning foreign investment and the alteration of investors' equities in foreign-invested enterprises, and only matters not covered therein are addressed by reference to the M&A Rules. Since Wuhan United Real Estate had been converted into a foreign-invested enterprise prior to the effective date of the M&A Rules, our PRC legal advisers, Jingtian & Gongcheng, have advised us that the M&A Rules are not applicable to our Reorganization.

SAFE Registration

Pursuant to the Notice on Relevant Issues concerning Foreign Exchange Administration for Domestic Individuals to Engage in Financing and Return Investment via Overseas Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("SAFE Circular 75") enacted by SAFE on October 21, 2005 and becoming effective on November 1, 2005, a PRC domestic resident engaging in overseas equity financing, including by way of convertible bonds, with assets or interests held in a domestic enterprise via overseas special purpose vehicle ("SPV") shall apply to register with the local branch of SAFE for foreign exchange registration of overseas investments. Upon completion of overseas financing, the PRC domestic resident may, according to the plan of use of proceeds as stated in the business proposal or the public offering prospectus, remit the funds which shall be arranged for use onshore back into the PRC. A PRC domestic resident enterprise may, upon completion of the procedures for foreign exchange registration of overseas investments and foreign exchange amendment registration thereof as required, pay to the SPV such payments as profits, dividends, liquidation proceeds, equity assignment proceeds and capital reduction proceeds. Where a SPV incurs a material change in its capital, such as capital increase or reduction, equity assignment or swap, merger or split, long-term equity interest or debt interest investment, and provision of external guarantee, which do not involve round-trip investment, the domestic resident shall, within 30 days from such material change, apply to the SAFE authorities for completion of the filing procedure or amendment procedure for foreign exchange registration of the overseas investment. Our PRC legal advisors, Jingtian & Gongcheng, have advised us that Mr. Huang Liping completed his foreign exchange registration of overseas investments required by the SAFE Circular 75 with Hubei branch of SAFE on August 28, 2013.

OVERVIEW

We are engaged in the development and operation of large-scale business parks with distinctive industry themes. According to the Top Ten China Real Estate Research Group (中國房地產10強研究組)[1], we ranked among the "2013 Top Ten Brands of China Industrial Real Estate Companies (2013中國產業地產品牌價值TOP10)". The PRC commercial business park market emerged in the late 1990s to 2000 and has grown rapidly due to significant demand from enterprises in a large number of industries for business parks, government policies in upgrading and restructuring of industries, increased level of urbanization, as well as the development and business innovation of SMEs. According to the Savills Report, we ranked second in China as of December 31, 2013 among all commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development.

Our Business Model

Property Development

We have developed a portfolio of multi-theme business parks, and we are a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. Based on our accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale business parks in Wuhan, we replicate our business model in business park development in our other target cities. We have recently started to develop a business park project in Huangshi. We also expect to commence the development of our business park projects in Shenyang and Hefei and plan to further expand to our target cities, including Beijing, Shanghai, Xi'an, Chongqing and Tianjin. Our business parks with distinctive industry themes, which we develop in line with the trend of industry clustering, provide enterprises in a large number of emerging, fast-growing industries with solutions to their needs for business space, operating environment, industry-specific supporting facilities as well as a wide range of business operation services. The themes of our large-scale business parks span a broad spectrum of industries, including, among others, software development, service outsourcing, financial back-office services, data centers, research and development, information technology, biotechnology, medical devices, new materials, energy conservation, environmental protection, ocean technology and creative industry.

We have engaged primarily in developing large-scale, industry theme-focused business parks to cater to the trend of industry clustering and create value for our customers. We proactively track and analyze leading enterprises in our target industries with regard to their

Note:

(1) The Top Ten China Real Estate Research Group (中國房地產10強研究組) comprises the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Tsinghua University Real Estate Research Institute (清華大學房地產研究所) and China Index Academy(中國指數研究院).

needs for locations, business spaces and operating environments, and we offer competitive terms to attract selected enterprises to establish their businesses in our business parks. We believe that the presence of these leading enterprises may further attract other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our business parks. With close proximity to each other, the enterprises and companies in our business parks may benefit from increased interactions and knowledge exchanges and business synergy, which, combined with the high-level concentration of industry-specific resources, talents, know-how and expertise in our business parks, are in turn conducive to increased productivity and business innovations, and the production and commercial activities so generated in our business parks will be able to further contribute to the growth of local economies. While our general approach is to develop industry theme-focused business parks, we generally do not impose a strict requirement that they must engage in certain business activities in line with the distinctive theme of the relevant business park.

Our large-scale and theme-focused business parks have played a significant role in assisting local governments in the cities where we have operations to achieve their policy initiatives to upgrade local industry structures, promote the development and business innovation of SMEs and start-up companies, enhance and improve city functions, and transform the locations of these business parks and their surrounding areas into new city centers. Local governments often provide us with incentives and help us attract companies to establish their presence in our business parks.

We focus on, and have strong capabilities in, developing business parks with customized properties and features that meet the individualized demands of our customers. We proactively conduct extensive market researches on our target industries and the leading enterprises in the relevant industries with regard to their needs for locations, business spaces and operating environments. We initiate our sales and marketing efforts at an early stage of our projects, and we endeavor to work closely with and guide our customers throughout the development process to improve the project design and customized features of our business parks so as to ensure that the particular demands of individual customers are fully addressed.

In line with local urban development plans in our target cities, we develop residential projects that are generally in proximity and complementary to our business park developments so as to develop our large-scale projects with a fully-functional living environment (產城一體). During the Track Record Period and up to December 31, 2013, we and our joint venture had three completed residential projects, namely the Romantic Town and the Lido Mason (Phase I) in Wuhan and the Lido Top View in Huangshi, and had two residential projects under development, namely the Lido 2046 and the Lido Mason (Phase II) in Wuhan. The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason. The standardized development process of residential projects is substantially similar to that of business park projects. See the subsection headed "Business – Property Development – Residential Property Development Process" in this prospectus for further discussion. Due to our foresight in understanding the new urbanization trends in China, we have assisted local governments to develop the locations of our large-scale business parks and their surrounding areas into new city centers, which in turn offer more job opportunities and fully-functional living communities for new urban residents.

Other Business Activities

We also engage in a variety of other business operations and activities, each of which is an integral part of and essential to our business park development and operation business and contribute to our turnover and profits. These business operations and activities include:

- ***Business operation services for the companies in our business parks***. We provide enterprises in our business parks with a wide range of business operation services to facilitate their business operations and reduce their operational costs. In addition to property management and operation services, our business operation services also include centralized energy supply systems and services for the relevant districts, human resources and training services. Furthermore, we provide supporting facilities (including apartments, hotels, canteens, enterprise service centers, conference centers and employee activity centers), deliver group catering, property agency and advertising agency services, and organize sports games and leisure activities catering for the business needs of our customers as well as social and other needs of their employees.

- ***Construction contract***. We provide construction services for decorating and improving external parts and internal areas of buildings to customers in our business parks as well as property developments owned by third parties.

- ***Property leasing***. We engage in property leasing and strategically hold and lease out certain properties providing supporting services in our business parks as well as office properties suitable for general business uses to generate recurring rental income. We generally decide to hold certain of our developed properties for recurring rental income when we expect that such investment properties could preserve and increase the property value of our business parks as well as improve our investment property portfolio in line with our business strategies. We plan to increase the proportion of investment properties to approximately 10% within the next three to five years and further to approximately 20% thereafter. Accordingly, we will increase our holdings of supporting facilities (including canteens, apartments and hotels) and office properties for general business uses in our business parks as investment properties. We will also develop and operate hotels with various brands to enhance our profitability and diversity our revenue base.

- ***Development management services for business parks owned by third parties***. As part of our strategic plan, we provide, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them. Through such services, with minimal capital outlay on our part, we have gained significant expertise and strengthened our capabilities in the development and operation of large-scale business parks, enhanced our brand recognition in the business park development sector, developed long-standing relationships with the relevant local governments and leading enterprises, built up our talent reserve, and gained access to and information on the enterprises and companies in their business parks, who may be attractive potential customers for our existing or future business parks. Our long-standing relationships with relevant local governments have been developed over the years as we work closely with them to develop our business parks in line with local urban and industrial development plans, provide development management services to them for large-scale business parks owned by them, cooperate with them to attract leading enterprises, SMEs and start-up companies operating in the industries promoted by them to establish businesses in our business parks, and assist them in some of our target cities on industrial development and related policy matters. Local governments have provided us with preferential measures and incentives in relation to various aspects of the development of our business parks focusing on their promoted industries and have assisted us in our efforts to attract potential customers to establish businesses in our business parks.

As a result of our strong capabilities in business park development and operation and favorable government policies, we have strategically expanded our business and improved our operating results. During the Track Record Period, we generated turnover from sales of properties in our business park and residential projects, business operation services, construction contract, property leasing and development management services. The following table illustrates our turnover by operating segment for the indicated periods:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	Turnover RMB'000	*% of total*	*Turnover RMB'000*	*% of total*	*Turnover RMB'000*	*% of total*	*Turnover RMB'000* (Unaudited)	*% of total*	*Turnover RMB'000*	*% of total*
Property development	647,635	82.1%	1,171,429	83.4%	1,431,893	79.0%	495,567	70.2%	853,254	75.1%
Business park projects	*473,514*	*60.0%*	*727,138*	*51.8%*	*1,362,218*	*75.2%*	*432,671*	*61.3%*	*847,453*	*74.6%*
Residential projects	*174,121*	*22.1%*	*444,291*	*31.6%*	*69,675*	*3.8%*	*62,896*	*8.9%*	*5,801*	*0.5%*
Business operation services	61,175	7.8%	89,098	6.3%	131,331	7.2%	86,409	12.2%	105,497	9.3%
Construction contract	48,977	6.2%	107,658	7.7%	195,056	10.8%	93,594	13.3%	142,531	12.6%
Property leasing	8,199	1.0%	11,927	0.8%	17,635	1.0%	10,874	1.5%	17,613	1.6%
Development management services	22,812	2.9%	25,057	1.8%	36,099	2.0%	19,627	2.8%	16,171	1.4%
Total	**788,798**	**100.0%**	**1,405,169**	**100.0%**	**1,812,014**	**100.0%**	**706,071**	**100.0%**	**1,135,066**	**100.0%**

Our Projects

We have benefited from increasing customer demands for high-quality business parks, government policies in upgrading and restructuring of industries, increased level of urbanization, and development and business innovation of SMEs in our target cities. During the Track Record Period and up to December 31, 2013, we and our joint venture have completed 11 business park projects in Wuhan, Qingdao and Ezhou and three residential projects in Wuhan and Huangshi.

The following table sets forth an overview of the projects held by us as of December 31, 2013.

Project	Cities	Site Area	Total GFA	Saleable GFA	Property Market Value	Property Market Value Attributable to our Group
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB'000)*
Completed Projects	Wuhan, Qingdao, Ezhou, Huangshi	1,430,928[(1)]	2,249,006[(1)]	1,884,555[(1)]	2,962,700[(1)]	2,925,779[(1)]
Projects under Development	Wuhan, Qingdao, Ezhou, Huangshi	621,351[(2)]	1,059,634[(2)]	872,276[(2)]	3,432,100[(2)]	3,419,680[(2)]
Projects Planned for Future Development	Wuhan, Qingdao, Ezhou, Shenyang, Hefei	1,816,536	5,379,162	4,246,314	6,793,000	5,401,780
Potential Development Projects	Wuhan, Qingdao, Ezhou, Huangshi, Shenyang	2,463,806	5,063,151	4,587,343	Nil	Nil
Total		**6,332,621**	**13,750,953**	**11,590,488**	**13,187,800**	**11,747,239**

Notes:

(1) Excluding the site area of 36,105 sq.m., the GFA of 71,203 sq.m., the saleable GFA of 69,072 sq.m., the property market value of RMB125.3 million and the property market value attributable to our Group of RMB62.65 million, respectively, in respect of the Lido Mason (Phase I). The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason.

(2) Excluding the site area of 36,067 sq.m., the GFA of 80,524 sq.m., the saleable GFA of 60,298 sq.m., the property market value of RMB290.9 million and the property market value attributable to our Group of RMB145.45 million, respectively, in respect of the Lido Mason (Phase II).

Industry Themes of Our Business Parks

The table below sets out the names and industry themes of our business parks:

Our projects	Industry theme
Wuhan	
Optics Valley Software Park	Software development and service outsourcing
Optics Valley Financial Harbour	Financial back-office services and information technology
Wuhan Innocenter	Research and development
Creative Capital	Creative industry
Energy Conservation Technology Park	Energy conservation and new materials
Qingdao	
Qingdao Optics Valley Software Park	Software development and service outsourcing
Qingdao Marine & Science Park	Ocean technology
Qingdao Innocenter	Research and development
Other cities	
Shenyang Financial Harbour	Financial back-office services and information technology
Ezhou OVU Science and Technology City	Energy conservation and environmental protection
Huangshi OVU Science and Technology City	Biotechnology, energy conservation, environmental protection and new materials
Hefei Financial Harbour	Financial back-office services and information technology

The table below sets out the names and distinctive industry themes of the third party business parks owned by local governments and enterprises which we provide development management services for:

Third party business park projects	Industry theme
Wuhan National Biotech Innovation Business Park	Biotechnology
Wuhan Hi-Tech Medical Devices Business Park	Medical devices
Wuhan Future Technology City	Strategic Emerging Industries
China Electronics New Energy (Wuhan) Research Institute	New energy

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths which allow us to compete effectively in our markets:

As the second largest commercial business park developer and operator in China in 2013, we have significant experience and strong capacities in the development and operation of large-scale, theme-focused business parks.

According to the Savills Report, we are the second largest commercial business park developer and operator in China as of December 31, 2013 in terms of the total GFA of completed projects, projects under development and projects planned for future development. We have developed a portfolio of multi-theme business parks, and we are a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. We focus on, and have gained extensive experience and expertise in, developing large-scale and theme-focused business parks. Our business parks with distinctive industry themes provide enterprises in a large number of industries with solutions to their needs for business spaces, operating environments, industry-specific supporting facilities as well as a wide range of operation services. The themes of our large-scale business parks span a broad spectrum of industries, including, among others, software development, service outsourcing, financial back-office services, data centers, research and development, information technology, biotechnology, medical devices, new materials, energy conservation, environmental protection, ocean technology and creative industry. Our strong capabilities and significant expertise in delivering theme-focused business park projects and services and our in-depth understanding of relevant industries have created significant entry barriers for our competitors in our target cities. We are primarily engaged in developing large-scale, industry theme-focused business parks to cater to the trend of industry clustering and we have benefited from incentives and support by local governments in various areas, including customer development and securing financing for our business parks.

We have received numerous awards in recognition of our brand and our strong capacities in the design, development and operation of large-scale, multi-theme business parks from national and local governments, industry associations and leading research institutions. According to the Top Ten China Real Estate Research Group (中國房地產10強研究組), we ranked among the "2013 Top Ten Brands of China Industrial Real Estate Companies (2013中國產業地產品牌價值TOP10)". We received the prestigious Guangsha Award (廣廈獎) in November 2012 in recognition of the Optics Valley Software Park from the China Real Estate Industry Association (中國房地產業協會), which is awarded annually to a few outstanding landmark property developments in China. We were also awarded "the Leading Enterprise in China's Industrial Property Industry Award (中國房地產產業地產標杆企業)" in August 2013 by China Real Estate Business News in recognition of our market leading position. Our reputation, track record and expertise in developing and operating large-scale, multi-theme business parks have strengthened our core competitive advantages as a leading commercial business park developer and operator in Wuhan, Qingdao and Ezhou.

Our vertically integrated business model, coupled with our strong capabilities and resources, has proved successful, which we have replicated in our business park developments in our target cities.

As a pioneer among the commercial business park developers and operators in China, we have accumulated extensive industry experience since our entry into the business park development sector and have developed our business model which integrates the full spectrum of business park design, development and operation. We have strong capabilities in developing business parks with customized properties and features and providing our customers with a wide range of business operation services and after-sales services.

We focus on, and have strong capabilities in, developing business parks with customized properties and features that meet the individualized demands of our customers. We conduct extensive market research and strategically select sizeable land sites in our target cities based on anticipated customer demand and other considerations. During our development process, we undertake project planning and prepare the general design of business parks in accordance with the general characteristics, industrial standards and construction requirements of the companies in relevant industries. We initiate our sales and marketing efforts at an early stage of our projects, we endeavor to work closely with and guide our customers throughout the development process to improve the project designs and customized features of our business parks so as to ensure that the particular business demands of individual customers are fully addressed. In addition, we are able to realize financial returns on customized developments from an early development stage as compared to other types of developments as we generally collect payments of purchase price by installments according to the milestone schedules of the relevant agreements.

We provide enterprises in our business parks with a wide range of business operation services and after-sales services to facilitate their business operations and reduce their operational costs. In addition to property management and operation services, we provide enterprises in our business parks with centralized energy supply systems and services for the relevant districts, human resources and training services. Our business operation services also include the corporate functions of government liaison and professional consultation. Furthermore, we provide a variety of supporting facilities in our business parks (including apartments, hotels, canteens, enterprise service centers, conference centers and employee activity centers), deliver group catering, property agency and advertising agency services, and organize sports games and leisure activities. Our business operation services cater to the business needs of enterprises in our business parks as well as the personal needs of their employees. Our business operation services have enhanced the value and attractiveness of our business parks as well as customer loyalty.

With the standardization of our development procedures, documentation and product modules, we have applied our business model to develop business parks with different industry themes in order to replicate our success in our target cities. After our success with the Optics Valley Software Park, we have successfully replicated our business model in a number of business park developments in Wuhan. We proactively conduct extensive market research and strategically select our potential target cities with significant customer demands for business parks and relatively low entry barriers and risk profile for business park developments. With respect to each of our potential target cities, we conduct further in-depth analyses on local governmental policy, local industrial and urban development plan, locations of available land sites, and business expansion plans of leading local enterprises in our target industries so as to identify our target cities with suitable land sites where we are able to leverage our competitive strengths and develop our major types of business parks. Based on our accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale, industry theme-focused business parks in Wuhan, we replicate our business model in relation to business park development in our other target cities. In particular, we have developed our major types of business parks, namely financial harbour, software park, innocenter (focusing on industries related to research and development as well as information technology) and technology city (focusing on Strategic Emerging Industries) in these cities. Because our business parks are in line with local development plans and have contributed, or are expected to contribute, significantly to the upgrading of local industrial structures and the growth of local economies, local governments often provide us with incentives in relation to various aspects of the development of our projects there and help us attract leading local enterprises and other companies in our target industries to establish their presence in our business parks. The Qingdao Optics Valley Software Park and the Ezhou OVU Science and Technology City have been selected as priority development projects by the local governments. Strategically expanding into our other target cities outside Wuhan, we commenced pre-sale of properties in the Ezhou OVU Science and Technology City (Phase I – 1.1) in July 2013 and have entered into customization agreements with customers in respect of properties in the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4 and 1.5). See the subsection headed "Summary – Recent Developments" in this prospectus for further discussion. We have recently started to develop a business project in Huangshi. We further expect to commence the development of other business park projects in Qingdao, Ezhou, Shenyang and Hefei in the first half of 2014. Furthermore, as part of our strategic plan to establish our nationwide geographical coverage, we plan to further expand to various national or regional economic centers in China, such as Beijing, Shanghai, Xi'an, Chongqing and Tianjin.

Our business parks are in line with the national development strategies of the PRC Government to promote the restructuring and upgrading of industries, and contribute to the development of "new urbanization" as well as the development and business innovation of SMEs, which enables us to benefit from favorable government policies.

Our large-scale, multi-theme business parks are in line with national development strategies of promoting the restructuring and upgrading of industries. In the 12th Five-Year Plan for 2011 to 2015, the PRC Government has set the restructuring and upgrading of industries as a priority as part of its strategic efforts to stimulate domestic growth and adjust China's industrial structure. Our business parks are focused primarily on emerging, fast-growing industries which are promoted by the PRC Government. With the support of the PRC central and local governments, many companies in such industries have experienced and will continue to experience rapid business growth and expansion, thus generating significant demands for our business parks. Also, based on our in-depth understanding of governmental policies (including, among others, the Catalog for the Guidance of Industrial Structure Adjustment), we proactively conduct industrial research and analyses focusing primarily on the following three major areas: restructuring and upgrading of traditional industries; Strategic Emerging Industries (including, among others, biotechnology, new energy, energy conservation and environmental protection, new materials, and next-generation information technology); and innovative industries (including, among others, electronic commerce, cloud computing, mobile office systems and information security). Furthermore, we have also assisted local governments in some of our target cities on industrial development and related policy matters and, upon request, provided them with relevant research materials. This further enables us to plan for and carry out our business park development in accordance with the industrial and economic development policies of local governments in our target markets.

In addition, our integrated developments have contributed significantly to urban development in our target cities. As the national economy further develops and living standards continue to improve in China, the PRC Government has increasingly realized the importance and necessity of a new model of urbanization under which people do not just simply relocate to new urban areas, but more importantly, their various needs for career and social advancement and a better living environment are to be addressed as well. In this regard, the new leadership of the PRC Government has recently promoted the concept of "new urbanization," which aims to achieve such objectives as industrial modernization, optimized allocation of resources and domestic growth. As a first mover among the commercial business park developers and operators in China, we have the foresight to understand the new urbanization trends in China. We attract many companies to establish their businesses in our business parks, which offer employment positions for new urban residents. Our large-scale developments further integrate our business parks with a fully-functional living environment (產城一體), which provides secure and sustainable urban communities catering for their various social and other needs. Furthermore, we have assisted local governments to develop the locations of our large-scale business parks and their surrounding areas into new city centers, which in turn offer more job opportunities and fully-functional living communities for new urban residents. Our business park developments, which have no fences or other enclosures, are open to and accessible by the general public and thus they are well-integrated with the surrounding areas to form new city centers and contribute to the sustainable growth of local economies of our target cities.

Our business parks have also contributed significantly to the development and business innovation of SMEs in our target cities. The national and local governments have promulgated laws and regulations to create a favorable policy environment for the development of SMEs. They have also provided incentives and measures for overseas talents to establish startup companies focusing on fast-growing, emerging industries. SMEs have experienced rapid growth in recent years and the increasing number and expanded scale of SMEs have created significant demands for business parks. To capitalize on such demand, we have developed the Wuhan Innocenter and the Qingdao Innocenter, which primarily serve as bases of incubation and development for a significant number of SMEs. In addition, we have provided various incentives and business operation services (such as subsidies to rents and assistance to make patent applications as well as applications of technology innovation funds) to SMEs in our business parks to support their development and business innovation.

We have selected our target cities that we believe have significant potentials for economic growth, urban development, and growth and business innovation of SMEs so as to benefit from anticipated customer demands for business parks, favorable government policies and increased urbanization. According to Devott[1], Wuhan, Qingdao, Shenyang and Hefei are among the top ten cities in China whose outsourcing industry will experience the most rapid growth. With our proven track record in successfully developing large-scale, multi-theme business parks in Wuhan and strong presence in our other target cities, we are well-positioned to benefit from the continued industrial and economic developments, urbanization, as well as growth and business innovation of SMEs in these cities as well as the favorable policies and other support of the local governments.

We have developed a high quality, diversified and loyal customer base and established long-term strategic relationships with our customers.

We have developed a sizeable, diversified and loyal customer base and maintained strong relationships with our customers. Compared to residential customers, customers for business parks have more complicated requirements for business spaces, operating environments, neighboring companies, industry-specific supporting facilities and business operation services. We proactively track and analyze leading enterprises in our target industries with regard to their relevant requirements and offer competitive terms to attract selected enterprises to establish their businesses in our business parks. The presence of these leading enterprises in turn may further attract other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our business parks. Our large-scale, multi-theme business parks have attracted high quality, diversified customers which consist of the largest or other leading global corporations, Chinese blue-chip enterprises, SMEs and start-up companies. As a result of our proven track record in consistently delivering business parks meeting our customers' particular demands, we have established long-term strategic relationships with them.

Our business parks are home to well-known multinational corporations and leading enterprises in various industries. Our long-term customers who are leading global corporations and Chinese blue-chip enterprises include Schneider Electric, Bank of Communications Co., Ltd.* (交通銀行股份有限公司), China Everbright Bank Co., Ltd.* (中國光大銀行股份有限公司) and Wistron Corporation (緯創資通股份有限公司), which are among the world's top 500 enterprises, Taikang Life Insurance Co. Ltd.* (泰康人壽保險股份有限公司) and Guohua Life Insurance Co., Ltd.* (國華人壽保險股份有限公司), which are among China's top 500 enterprises, and Beyond Soft Co., Ltd.* (博彥科技股份有限公司), which is among the world's top 100 service outsourcing companies. The presence of these leading enterprises has increased the property value of our business parks and may further attract other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our business parks.

Note:

(1) Based in Tianjin with offices in Shanghai and the U.S., Devott is an independent research and advisory service provider in China's outsourcing and technology markets.

Our business parks also serve as bases of incubation and development for a significant number of small to medium-sized, fast-growing companies. When these companies first established their presence in our business parks, many of them were at an early startup stage of their business. We have endeavored to assist such customers to locate suitable office space in our business parks for purchase or leasing. With the continued growth and expansion of their businesses, we will further assist these companies to address their demands for larger office spaces and other business needs. We believe that, throughout their business growth and development, these customers have developed significant loyalty to us and will likely acquire new office space of a larger size in our business parks for their expanded businesses.

In addition, through our development management services for the landmark and other large-scale business parks owned by local governments and leading enterprises, we have cultivated long-standing relationships with them and have gained access to and information on the enterprises and companies in their business parks, who may be attractive potential customers for our existing or future business parks. We have partnered with the Wuhan Municipal Government for the development and management of a number of large-scale development projects, including the Wuhan National Biotech Innovation Business Park in the Biolake and the Wuhan Hi-tech Medical Devices Business Park. Moreover, Wuhan Zhongyuan Electronics Group Company Limited* (武漢中原電子集團有限公司) has selected us as the developer and operator of its large-scale business park in the Wuhan Future Technology City.

We believe that we can capitalize on our strong relationships with existing customers to convert them into repeat customers. Based on our customers' feedback and potential demands and in line with favorable government policies, we have continuously developed business parks focusing on new industries or sectors and expanded into new cities. We expect that, subject to their business needs, our customers in our existing business parks and the enterprises in the third-party business parks for which we provide our development management services would likely become our customers for the business parks focusing on the relevant industries which we develop in new markets. In addition, we believe that, in line with the trend of "industry clustering," the enterprises and companies in our existing business parks would also likely refer our developments to their upstream suppliers and downstream customers and help attract other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our new business parks.

Strategically located, sizeable and high-quality land reserves which we acquired at relatively low costs provide strong support for our continued growth.

We target affluent second and third-tier cities with strong economic growth potential and significant demand for business parks. We have acquired high quality and sizeable land reserves strategically located in a number of fast-growing cities in China. As of the Latest Practicable Date, we and our joint venture had a land bank located in Wuhan, Qingdao, Shenyang, Hefei, Huangshi and Ezhou with an aggregate GFA of approximately 7,183,744 sq.m., in respect of which we have received relevant land use rights certificates or signed relevant land grant contracts or received relevant confirmation letters on bidding for land use rights but not yet obtained land use rights certificates.

Our business benefits from the relatively low costs of our land reserves. Our large-scale business parks require sizeable land sites of consistent high quality in order to achieve sustainable economies of scale. When we enter our target cities, we work closely with local governments to ensure that our business parks are in line with local development and zoning plans and fully supported by them and enter into project framework, cooperation or investment agreements with them. We believe we have competitive advantages in terms of costs and locations of sizeable land sites we have acquired in our target cities. The total land acquisition cost through public tender, auction and listing-for-sale as of December 31, 2013 was approximately RMB2.4 billion and the average land acquisition cost of approximately RMB395 per sq.m. (calculated by dividing the total land acquisition cost through public tender, auction and listing-for-sale as of December 31, 2013 by the total saleable GFA of above-ground properties in relevant projects). Because our business parks have contributed, or are expected to contribute, significantly to the upgrading of local industrial structures and the growth of local economies, local governments often provide us with incentives (including infrastructure fee waiver and preferential tax policy) and support in relation to various aspects of the development of our projects there. This has assured our profitability and enhanced our ability to respond to potential fluctuation of property prices caused by changing market conditions.

Our land reserves, coupled with our strong execution capability, support our sustainable growth. To minimize operating risks, we do not rely on any one channel of land acquisition, but rather build our land bank through a variety of channels, including public tender, auction, listing-for-sale, purchases from existing land interest holders and investment in a project company holding land interest. We expect to be able to continue to maintain a land bank of optimal size at a reasonable cost to support our growth in the next three to five years. Furthermore, the period from our land acquisition to generation of turnover is generally two to three years. We have established strong execution capability to develop projects rapidly. We are able to use our working capital and other resources more efficiently, maintain a healthy profit margin and respond more effectively to changing market conditions.

Our experienced management team, which has a clear vision and entrepreneurial spirit and whose interests are closely aligned with our Company and shareholders, as well as our unique shareholding structure with the substantial shareholder being a state-owned enterprise, have provided us with a competitive edge.

Our senior management team has worked together for over ten years with a proven record of developing and running a successful property development company. Our founder, Chairman Huang, has more than 16 years of experience in the PRC property industry. The State Council of China has awarded him the special expert allowance in recognition of his significant contribution to the development of medical and healthcare industry in China. Other members of our management team also have an average of nearly 16 years of experience in the property industry. The members of our management team have expertise on a variety of industries. Their industrial expertise and insight and diversified background have enabled us to deliver products and services to meet the requirements of our customers across a large number of industries. In addition, the vision and entrepreneurial spirit of our management team have driven us to develop business parks focusing on new, fast-growing industries. Our management team has also helped us cultivate strong relationships with governmental authorities, industry leaders, major customers, suppliers and other market participants.

In addition, since 2008 we have benefited from our strategic relationship with Hubei Science & Technology Investment, a state-owned enterprise, as our substantial shareholder. Our state-owned substantial shareholder has fully supported our business strategies, and has played an important role in facilitating our communication and cultivating strong relationships with governmental authorities. It has also helped us establish beneficial relationships with strategic partners and premium customers. We have also benefited from its strong commitment to transparent corporate governance standards and prudent financial policies, which in turn have enabled us to create significant values for our shareholders, customers and employees.

We have adopted prudent strategies in business expansion and financial management and endeavored to maintain a strategic balance between healthy business growth and financial stability. As a result, we believe we should be able to continue to capture strategic market opportunities while also effectively managing our liquidity and other business risks.

We have also implemented comprehensive management policies aimed at recruiting, developing and retaining a highly qualified workforce to support our long-term sustainable growth. Our employees are the most valuable assets to our business and will continue to be a key contributor to our success. Our senior management and other employees became shareholders of our Group in 2007 and their interests are aligned with our Company and Shareholders as a whole. These 104 shareholders (including 13 senior management members) will together hold through a trust, Hengxin PTC Trust, an aggregate interest of approximately 8.009% of our share capital upon completion of the Global Offering (assuming no exercise of the Over-allotment Option). In recognition of our talent recruitment and retention strategies and management policy, Peking University and Zhaopin.com, a well-known Chinese company for recruitment and human resource management, jointly awarded us the China Best Employer Award for three consecutive years from 2011 to 2013.

OUR STRATEGIES

We aim to further strengthen our established market leader position in China's business park development sector and broaden our large-scale, theme-focused developments to cover new, fast-growing industries and new market segments. To generate satisfactory profits and investment returns for our shareholders and drive our sustainable growth in the future, we plan to adopt the following strategies:

Further consolidate our market leader position in business park development, and continue to replicate our business model in fast-growing target cities and establish our national market coverage of our business

We intend to replicate our business model in fast-growing target cities with sustainable growth potential. We have developed 15 business park projects with different industry themes, and we are a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. We have recently started to develop a business park project in Huangshi. We have also acquired land for business park development in Shenyang and Hefei and are further expanding into our other target cities. In Qingdao, Shenyang, Ezhou, Huangshi and Hefei where we have entered into project framework, cooperation or investment agreements with local governments, we will continue to replicate our business model to develop new projects. Furthermore, in order to identify and select our new target cities, we plan to regularly review industry-wide recognized research reports on the growth potential and risks relating to the business park markets in Chinese cities. We will then rank Chinese cities with respect to a series of factors (including, among others, size and growth rate of local economy, investment in property development, number of higher educational institutions and size of student enrollment population) and select our potential target cities which ranked in the top tier after taking into account these factors. With respect to each of our potential target cities, we will conduct further in-depth analyses on several factors (including, among others, its local favorable governmental policy, local industrial and urban development plan, locations of available land sites, cost of transportation, cost of energy supply, and business expansion plans of leading enterprises in our target industries) to identify our target cities with suitable land sites for our property development. To enhance our brand recognition and strengthen our strong market position, we intend to enter into other fast-growing cities and national or regional economic centers in China (such as Beijing, Shanghai, Xi'an, Chongqing and Tianjin).

We have actively communicated with local governments of our target cities and worked closely with them for their support for our business park projects. We plan to enter our new target cities in accordance with our strategic plan formulated based on our competitive strengths. We expect to enter into project framework, cooperation or investment agreements with local governmental authorities in some of our new target cities in 2014. With our track record of successfully developing and operating large-scale and multi-theme business parks in Wuhan, Qingdao and Ezhou and the in-depth understanding of our target cities and the relevant industries which our business park projects will focus on, we believe that we will be able to successfully replicate our business model in strategically selected cities, gain significant market share in new geographic markets and establish our national market coverage.

Based on our extensive experience in business park development, we intend to further enhance our standardized development procedures and products to replicate our business model in new developments in our new target cities. We are in the process of further enhancing the standardized development procedures (including, among others, site selection, project planning and design, construction, and business operation services) in respect of our five major types of business parks (namely financial harbour, software park, innocenter (focusing on industries related to research and development as well as information technology), creative capital and technology city). We aim to achieve more efficient use of capital and other resources, and complete new projects on a timely basis while maintaining an effective control over our costs. We believe that, with increased standardization of our development procedures and products, we should be able to execute our business expansion plan effectively, thus further enhancing our profitability in the future.

Leverage our brand, experience and talents and continuously develop business parks focusing on new, fast-growing industries with significant growth potential

We intend to leverage our brand, experience, talents and other competitive strengths to develop business parks focusing on new, fast-growing industries. With our foresight into the trends of national and local industrial development and our in-depth understanding of the demands from leading, well-known enterprises across a large number of industries, we will strategically select new, fast-growing industries with significant growth potential as the themes for our new business parks. We are currently developing the Qingdao Marine & Science Park focusing on the ocean technology industry. In addition, we have a near-term plan to develop several additional new types of business parks in our target cities that focus on various new, fast-growing industries, including electronic commerce and engineering design in Wuhan, ocean technology and the Internet in Qingdao, intelligent manufacturing in Shenyang, creative industry and online finance in Beijing, creative industry in Shanghai and intelligent manufacturing in Xi'an.

Furthermore, we intend to develop business parks focusing on new, fast-growing industries based on our existing business park modules. In line with the development trend of industry clustering, our large-scale business parks with distinctive industry themes are designed for, and have drawn, not only enterprises in the relevant industries but their suppliers and service providers along the relevant industry value-chains as well. As a particular sub-sector or segment in the relevant industry or along the relevant industry value-chain develops and presents opportunities for business park development, we are able to use our existing business park modules and experience to develop a new business park with a theme focusing on such sub-sector or segment. For example, in operating the Optics Valley Software Park, we gained further understanding of and expertise in the financial back-office service industry and identified significant potential demands for back-office services by banks and other financial institutions. As a result, we have applied our experience with relevant product modules of the Optics Valley Software Park and successfully developed the Optics Valley Financial Harbour. We intend to continue to develop such new business parks focusing on a particular sub-sector or segment of the industries covered by our existing business parks, including business parks for data centers and cloud computing-related companies as we foresee significant potential demands for data storage and information processing in the financial back-office service industry.

Further enhance our strong capacities in business park development and operation and strengthen our vertically integrated business model

We intend to enhance our strong capacities in business park development. We believe our strong capacities in delivering high-quality business parks to our customers are fundamental to the successful development of our vertically integrated business model. Our specialized development and service companies (such as Wuhan Jitian Construction in construction and Wuhan Lido Technology in decoration and improvement of building interior and external parts) have strong capacities in business park development. We intend to further enhance capacities of other specialized development and service companies (such as OVU Architectural Design Institute in project design, OV Energy Conservation Engineering in construction of energy conservation project and Wuhan Lido Curtain Wall in manufacture of construction components). We also intend to establish new companies in respect of such development phases as consultation, project planning and construction supervision along the value-chain of the business park development industry, as well as a new company specialized in civil engineering and construction. We are in the process of establishing a project management system to achieve smooth workflow and scientific evaluation of each project. We will deploy specialized personnel in charge of key development stages and further enhance and streamline our development process to shorten our development cycle and achieve greater cost-efficiency. In addition, we are implementing a centralized procurement of construction materials for our property development and will form strategic alliance with suppliers and service providers so as to reduce development cost and improve operational efficiency.

Furthermore, we intend to improve the levels and expand the scope of our business operation services. We are in the process of establishing a service system with uniformed standards and requirements to ensure that we deliver consistently high quality services to customers. We intend to further strengthen service capacities of our specialized development and service companies and expand operation scale of relevant service businesses (including Wuhan Lido Property Management in property management and operation services, Wuhan Quanpai Catering Management in group catering, OV Energy Conservation Technology in distributed energy supply services and energy conservation solutions, and Wuhan Ziyuan Hotel Management in hotel management service). In addition, we plan to expand the scope of our business operation services into new areas. In particular, we intend to collaborate with third party telecommunication operators to provide customers in our business parks with a wide range of high-speed Internet services (such as cloud computing, mobile office systems, video conferencing and remote project monitoring) and e-commerce services. We also intend to provide our customers with commercial property management and corporate finance services as well as cultural and art-related services for the customers that purchase properties of our creative capital type of business parks.

Strategically increase our holdings of investment properties and develop hotels with various brands to enhance our profitability and diversify our revenue base

We intend to strategically increase our holdings of investment properties to enhance our profitability. We plan to increase our holdings of supporting facilities (including canteens, apartments and hotels) in our business parks as investment properties. These facilities provide supporting services to the enterprises and companies in our business parks, which will generate recurring income for us. Such investment properties are also expected to appreciate in value as an increasing number of enterprises and companies are attracted to our business parks and their surrounding areas are further developed. Furthermore, we intend to increase our holdings of office properties in our business parks which are suitable for general business uses. Some enterprises, such as local operations of multinational corporations, prefer leasing office properties in our business parks. In addition, many small, fast-growing companies at an early startup stage of their business may not have the financial ability to purchase, and thus want to lease, suitable office space in our business parks. Because of the significant demands for leasing office properties suitable for general business uses and the high financial returns on such leased properties, we will be able to enhance our profitability by increasing our holdings of such properties.

We have been actively promoting our various hotel brands, including Ziyuan (紫緣) (our luxury and boutique hotel brand), Lido (麗島) (our first class hotel brand) and Liyuan (麗緣) (our standard business class hotel brand), and intend to develop hotels for customers at different income levels. We intend to develop and operate three hotels in the Optics Valley Financial Harbour (Phase I) and (Phase IV) and the Creative Capital respectively as part of our plan to increase the holdings of investment properties. We will further standardize and replicate our hotel development procedures in our other business parks (including, among others, the Qingdao Optics Valley Software Park, the Qingdao Innocenter and the Qingdao Marine & Science Park). We aim to achieve and maintain a diversified revenue base so that we will be better able to respond to potential fluctuations of property prices caused by changing market conditions.

Further expand the scope of our development management services

We plan to expand the scope of our development management services with respect to business parks owned by third parties. Leveraging our experience and expertise in the development and operation of large-scale business park projects owned by local governments, we intend to further provide development management services to third party enterprises in relation to their business parks. In addition to the development and operation of such business parks, our comprehensive services will also include sales and marketing of completed properties in these business parks. Furthermore, we intend to design, develop and operate the business parks owned by third party enterprises under our brands to help build our brand and expand our market influences. When the land owned by third party developers is in proximity to our business parks, by undertaking such joint projects, we will be able to exercise a significant control over the quality, industry themes and customers of these business parks so that we can manage to ensure that the areas surrounding our business parks are orderly developed and conducive to the operations of our business parks. We typically select a potential project to render development management services on the condition that such project does not over-commit our manpower and other resources to such an extent that the progress and quality of our own projects are adversely affected, and where we are interested in developing a long-standing strategic relationship with such third party enterprise. We will also evaluate the size, location and other features of the land owned by the third party enterprise, and further assess the potential influence and status of the project in the relevant region, and whether our participation in the development and management of the business park would significantly enhance our brand recognition and facilitate our entry into new markets.

OUR PROPERTY DEVELOPMENT PROJECTS

We have developed and completed business parks with distinctive industry themes and residential projects in our target cities. The following map illustrates our national geographic coverage of China with locations of our target cities and business park projects:

As of December 31, 2013, we and our joint venture, Wuhan Mason, had 35 business park projects and five residential projects in various stages of development. We divide our property development projects, for which we have received the relevant land use rights certificates or entered into land use rights grant contracts, into four categories:

- completed projects, comprising property projects which we have completed and in respect of which we have received the relevant certificates of completion issued by the relevant governmental authorities;

- projects under development, comprising property projects in respect of which we have received the relevant construction works commencement permits, and construction of which has commenced but not yet been completed;

- projects planned for future development, comprising property projects in respect of which we have (a) received the relevant land use rights certificates, or (b) signed the relevant land grant contracts or received the confirmation letters on bidding for land use rights but not yet obtained land use rights certificates; and

- potential development projects, comprising property projects in respect of which we have entered into project framework, cooperation or investment agreements with the relevant governmental authorities, and we are in the process of carrying out the necessary PRC regulatory procedures to obtain the land use right certificates.

The table below sets forth our classification of projects, and the corresponding classification of projects in the accountants' report and the property valuation report included in this prospectus:

Our classification	Accountants' report	Property valuation report
• **Completed projects** Comprised of property projects which we have completed and in respect of which we have received the relevant certificates of completion issued by the relevant governmental authorities	• Completed properties held for sale • Investment properties	Group I – Properties held by the Group for owner-occupation or for sale in the PRC Group IV – Properties held by the Group for investment in the PRC (consisting of completed properties only)
• **Projects under development** Comprised of property projects in respect of which we have received the relevant construction works commencement permits, and construction of which has commenced but not yet been completed	• Properties under development – Properties under development for sale	Group II – Properties held by the Group under development in the PRC
• **Projects planned for future development** Comprised of property projects in respect of which we have (a) received the relevant land use rights certificates, or (b) signed the relevant land grant contracts or received the confirmation letters on bidding for land use rights but not yet obtained land use rights certificates	• Properties under development – Properties held for future development for sale • Trade and other receivables – Prepayments for properties held for development	Group III – Properties held by the Group for future development in the PRC
• **Potential Development Projects** Comprised of property projects in respect of which we have entered into project framework, cooperation or investment agreements with the relevant governmental authorities, and we are in the process of carrying out the necessary PRC regulatory procedures to obtain the land use right certificates	• Commitments	Group V – Properties intended to be acquired by the Group in the PRC

Portfolio of Our Property Development Projects

The following table sets forth an overview of the business park projects and residential projects held by our Group and joint venture as of December 31, 2013.

Project	Project Company	City	Interest Attributed to the Group	Actual/ Estimated Commencement Date[1]	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date[2]	Site Area	(A) Total GFA[3]	(B) GFA with Land Use Rights Obtained	GFA Completed[4]
				(month/ year)	*(month/ year)*	*(month/ year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
I. Completed Projects										
Business Parks										
1. Optics Valley Software Park (Phases I to IV) (光谷軟件園一至四期)	Wuhan Optics Valley Union	Wuhan	100%	Apr 2001	Dec 2004	Sep 2010	393,296	508,826	457,360	508,826
2. Optics Valley Software Park (Phase V) (光谷軟件園五期)	Wuhan Optics Valley Union	Wuhan	100%	Jan 2010	Nov 2010	Nov 2013	37,925	238,893	183,098	238,893
3. Optics Valley Software Park (Phase VI) (光谷軟件園六期)	Optics Valley Software Park	Wuhan	100%	Oct 2010	Aug 2011	Dec 2012	28,677	100,106	80,290	100,106
4. Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期)	Wuhan Optics Valley Union	Wuhan	100%	Oct 2008	Feb 2009	Dec 2009	8,946	1,570	1,570	1,570
5. Optics Valley Software Park Exhibition Center (Phase II) (光谷軟件園展示中心二期)	Wuhan Optics Valley Union	Wuhan	100%	Aug 2012	NA[13]	Dec 2013	19,798	26,319	20,717	26,319
6. Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	OV Financial Harbour Development	Wuhan	100%	Jun 2009	May 2010	Sep 2012	145,856	275,913	256,098	275,913
7. Optics Valley Financial Harbour (Phase II – Buildings B1-B20) (光谷金融港二期B1-B20棟)	Wuhan Optics Valley Union	Wuhan	100%	Aug 2011	Dec 2011	Nov 2013	139,463	335,429	263,809	335,429
8. Wuhan Innocenter (Phase I) (武漢研創中心一期)	Wuhan Minghong	Wuhan	100%	Dec 2011	Jun 2012	Dec 2012	70,500	43,236	41,350	43,236
	Hubei Huisheng	Wuhan	100%	Dec 2011	May 2012	Dec 2012	31,359	18,091	17,681	18,091
9. Wuhan Innocenter (Phase II) (武漢研創中心二期)	Hubei Huisheng	Wuhan	100%	Sep 2012	Jul 2013	Aug 2013	65,800	53,353	43,316	53,353
10. Qingdao Optics Valley Software Park (Phase I – 1.1 and 1.5) 青島光谷軟件園一期1.1及1.5區	Qingdao OVU Development	Qingdao	100%	Jul 2012	NA[14]	Dec 2013	49,652	80,664	64,265	80,664
11. Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6) (鄂州光谷聯合科技城一期1.1區D2-D3及D5-D6組團)	Hubei Technology Enterprise Accelerator	Ezhou	80%	May 2013	Jul 2013	Dec 2013	73,414	53,452	53,452	53,452
Subtotal							*1,064,686*	*1,735,852*	*1,483,006*	*1,735,852*
Residential/Commercial Properties										
12. Romantic Town (麗島漫城)	Wuhan Xuefu	Wuhan	51%				94,432	158,876	144,473	158,876
– Residential			51%	Jul 2008	Apr 2009	Dec 2011		152,201	137,798	152,201
– Commercial			51%	Jul 2008	Apr 2009	Dec 2010		6,675	6,675	6,675
13. Lido Top View (麗島半山華府)	Huangshi OVU Development	Huangshi	100%				122,261	148,271	148,271	148,271
– Residential			100%	Mar 2006	Dec 2006	Jun 2010		118,575	118,575	118,411
– Commercial			100%	Aug 2006	Sep 2007	Jun 2010		29,696	29,696	29,860
Subtotal							*216,693*	*307,147*	*292,744*	*307,147*
Other Properties										
14. North Harbour Business Park – Part I (北港工業園第一部分)	Wuhan Lido Property Management	Wuhan	100%	NA	NA	NA	NA	3,083[15]	3,083[15]	3,083[15]
15. North Harbour Business Park – Part II (北港工業園第二部分)	Wuhan Lido Technology	Wuhan	100%	NA	NA	NA	NA	3,683	3,683	3,683
16. Lido Garden – Part I (麗島花園第一部分)	Wuhan United Real Estate	Wuhan	100%	NA	NA	NA	149,549	198,119	198,119	198,119
17. Lido Garden – Part II (麗島花園第二部分)	Wuhan Lido Property Management	Wuhan	100%	NA	NA	NA	NA	1,122	1,122	1,122
Subtotal							*149,549*	*206,007*	*206,007*	*206,007*
Subtotal							**1,430,928**	**2,249,006**	**1,981,757**	**2,249,006**
Residential Properties Held by Our Joint Venture										
18. Lido Mason (Phase I)[17] (麗島美生一期)	Wuhan Mason	Wuhan	50%	Jul 2011	May 2012	Sep 2013	36,105	71,203	68,399	71,203

Relationship among marked columns: (A) = (C) + (D) + (E) + (F) + (G)

(B) = (C) + (D) + (E) + (F)

	(C)	(D)	(E) Saleable GFA[8]			(F)	(G)				
Measured Area[6]	GFA Held for Company's Own Use	Non-Saleable and Non-Leasable GFA[5]	GFA Sold[6]	GFA Pre-sold[6][9]	GFA Available for Sale[6]	Leasable GFA[6][7]	Underground GFA[6][10]	Development Costs Incurred[11]	Future Development Costs[11][12]	Property Market Value	Property Number Adopted in Property Valuation Report
(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
511,490	143	1,495	435,071	–	1,214	19,437	51,466	1,155.0	–	929.4	1 and 31
234,846	–	3,523	160,859	–	18,716	–	55,794	592.2	–	–	–
101,543	–	270	61,065	–	18,954	–	19,817	349.5	–	–	–
1,515	–	–	–	–	1,570	–	–	15.1	–	–	–
–	8,620	–	–	–	12,097	–	5,602	124.1	–	–	–
266,666	12,293	4,104	224,266	–	10,875	4,561	19,815	743.7	–	389.1	2 and 32
289,904	–	8,334	227,504	24,745	3,226	–	71,620	811.5	–	–	–
42,752	–	–	9,942	11,160	20,248	–	1,887	131.3	–	232.9	6
17,542	–	–	5,233	4,303	8,146	–	410	80.4	–	95.1	5
52,489	3,058	–	–	–	40,259	–	10,036	154.1	–	346.9	5
80,646	–	–	–	24,060	40,205	–	16,399	260.2	–	560.9	13
53,452	–	–	10,987	11,667	30,799	–	–	47.6	–	128.5	12
1,652,845	*24,114*	*17,726*	*1,134,927*	*75,935*	*206,309*	*23,998*	*252,846*	*4,464.7*	*–*	*2,682.8*	*–*
161,401	–	636	141,499	124	1,822	392	14,403	445.6	–	22.9	3 and 33
154,725	–	124	135,728	124	1,822	–	14,403	426.7	–	–	–
6,676	–	512	5,771	–	–	392	–	18.9	–		
150,035	–	1,189	130,165	164	1,291	15,462	–	326.6	–	159.5	11 and 37
120,002	–	440	117,269	–	866	–	–	261.6	–	–	–
30,033	–	749	12,896	164	425	15,462	–	65.0	–	–	–
311,436	*–*	*1,825*	*271,664*	*288*	*3,113*	*15,854*	*14,403*	*772.2*	*–*	*182.4*	*–*
3,546	1,248	–	–	–	–	2,298	–	NA	–	20.6	7 and 34
3,683	2,023	–	–	–	–	1,661	–	NA	–	22.0	8 and 35
198,119	–	–	191,197	–	NA[16]	6,922	–	510.0	–	44.6	9 and 36
1,122	–	–	–	–	1,122	–	–	NA	–	10.3	10
206,470	*3,271*	*–*	*191,197*	*–*	*1,122*	*10,881*	*–*	*510.0*	*–*	*97.5*	*–*
2,170,751	**27,385**	**19,551**	**1,597,788**	**76,223**	**210,544**	**50,733**	**267,249**	**5,746.9**	**–**	**2,962.7**	**–**
72,620	–	744	57,997	6,274	4,801	–	2,804	210.6	–	125.3	4

Project	Project Company	City	Interest Attributed to the Group	Actual/ Estimated Commencement Date[1]	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date[2]	Site Area	(A) Total GFA[3]	(B) GFA with Land Use Rights Obtained
				(month/ year)	*(month/ year)*	*(month/ year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
II. Projects under Development									
Business Parks									
1. Optics Valley Financial Harbour (Phase II-Buildings B21-B30) (光谷金融港二期 B21-B30棟)	Wuhan Optics Valley Union	Wuhan	100%	Sep 2012	Dec 2013	Nov 2014	91,848	179,592	139,262
2. Creative Capital (Phase I) (創意天地一期)	Wuhan Optics Valley Union	Wuhan	100%	Feb 2012	Mar 2014	Jan 2016	193,900	389,255	309,508
3. Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4) (青島光谷軟件園一期1.3至1.4區)	Qingdao OVU Development	Qingdao	100%	Apr 2013	NA[14]	Dec 2014	79,615	122,972	95,424
4. Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters C7-C9) (鄂州光谷聯合科技城一期1.1區C7-C9組團)	Hubei Technology Enterprise Accelerator	Ezhou	80%	Jul 2013	Mar 2014	Mar 2014	42,665	50,586	50,586
5. Huangshi OVU Science and Technology City (Phase I) (黄石光谷聯合科技城一期)	Huangshi OVU Development	Huangshi	100%	Oct 2013	Dec 2013	Nov 2015	175,337	190,600	190,600
Subtotal							*583,365*	*933,005*	*785,380*
Residential Properties									
6. Lido 2046 (麗島2046)	Wuhan Optics Valley Union	Wuhan	100%	Aug 2012	May 2014	Oct 2015	37,986	126,629	114,351
Subtotal							**621,351**	**1,059,634**	**899,731**
Residential Properties Held by Our Joint Venture									
7. Lido Mason (Phase II)[17] (麗島美生二期)	Wuhan Mason	Wuhan	50%	Oct 2012	May 2013	Nov 2014	36,067	80,524	60,298

Relationship among marked columns: (A) = (C) + (D) + (E) + (F) + (G)
(B) = (C) + (D) + (E) + (F)

	(C)	(D)	(E)			(F)	(G)				
			Saleable GFA[8]								
GFA Completed[4]	GFA Held for Company's Own Use	Non-Saleable and Non-Leasable GFA[5]	GFA Sold[6]	GFA Pre-sold[6][9]	GFA Available for Sale[6]	Leasable GFA[6][7]	Underground GFA [6][10]	Development Costs Incurred[11]	Future Development Costs[11][12]	Property Market Value	Property Number Adopted in Property Valuation Report
(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
–	8,862	–	–	92,456	37,944	–	40,330	309.7	327.9	712.8	14
–	15,296	69	–	–	294,143	–	79,746	833.5	925.7	1,329.9	16
–	–	–	–	10,903	84,521	–	27,548	156.2	240.2	352.4	20
–	–	–	–	–	50,586	–	–	47.8	46.7	62.1	19
–	2,000	–	–	–	188,600	–	–	69.8	436.5	357.4	18
–	*26,158*	*69*	*–*	*103,359*	*655,794*	*–*	*147,624*	*1,417.0*	*1,977.0*	*2,814.6*	*–*
–	–	1,228	–	–	113,123	–	12,278	477.2	299.8	617.5	17
–	**26,158**	**1,297**	**–**	**103,359**	**768,917**	**–**	**159,902**	**1,894.2**	**2,276.8**	**3,432.1**	**–**
–	–	–	–	48,494	11,804	–	20,226	200.6	81.6	290.9	15

Project	Project Company	City	Interest Attributed to the Group	Actual/ Estimated Commencement Date(1)	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date(2)	Site Area	(A) Total GFA(3)	(B) GFA with Land Use Rights Obtained
				(month/ year)	*(month/ year)*	*(month/ year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
III. Projects Planned for Future Development									
1. Optics Valley Financial Harbour (Phase III) (光谷金融港三期)	Wuhan Financial Harbour Development	Wuhan	70%	Mar 2014	Sep 2015	Jul 2016	57,431	350,463	–
2. Optics Valley Financial Harbour (Phase IV) (光谷金融港四期)	Wuhan Financial Harbour Development	Wuhan	70%	Sep 2014	Mar 2016	May 2018	91,838	658,333	–
3. Wuhan Innocenter (Phase III) (武漢研創中心三期)	Wuhan Minghong	Wuhan	100%	Mar 2014	Jan 2015	Mar 2016	15,115	57,113	50,003
	Hubei Huisheng	Wuhan	100%	Mar 2014	Jan 2015	Mar 2016	13,017	57,155	50,003
4. Energy Conservation Technology Park (節能科技園)	Energy Conservation Technology Park	Wuhan	70%	May 2014	Mar 2015	Dec 2020	686,255	2,235,156	–
5. Qingdao Optics Valley Software Park (Phase I – 1.2) (青島光谷軟件園一期1.2區)	Qingdao OVU Development	Qingdao	100%	Mar 2014	NA(14)	Oct 2015	18,366	33,085	28,790
6. Qingdao Optics Valley Software Park (Phase I – 1.6 to 1.7) (青島光谷軟件園一期1.6至1.7區)	Qingdao OVU Development	Qingdao	100%	Mar 2014	NA(14)	Dec 2016	63,563	209,123	170,725
7. Qingdao Marine & Science Park (Phase I) (青島海洋科技園一期)	Qingdao OVU Development	Qingdao	100%	Oct 2014	NA(14)	Apr 2016	150,681	197,050	–
8. Qingdao Innocenter (青島研創中心)	Qingdao OVU Development	Qingdao	100%				62,285	148,285	–
– Industrial			100%	Jun 2014	NA(14)	Jun 2016	48,072	119,842	–
– Residential			100%	Sep 2014	NA(14)	Oct 2015	14,213	28,443	–
9. Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3) (鄂州光谷聯合科技城一期1.2至1.3區)	Hubei Technology Enterprise Accelerator	Ezhou	80%	Mar 2014	Oct 2014	Sep 2015	297,013	374,123	336,770
10. Shenyang Financial Harbour (Phase I) (瀋陽金融港一期)	Shenyang OVU Development	Shenyang	100%	Apr 2014	Apr 2015	Sep 2016	246,537	415,431	388,431
11. Hefei Financial Harbour (合肥金融港)	Hefei OVU Development	Hefei	92%	Jul 2014	Jan 2015	Feb 2017	114,435	643,845	–
Subtotal							**1,816,536**	**5,379,162**	**1,024,722**

Relationship among marked columns: *(A) = (C) + (D) + (E) + (F) + (G)*
(B) = (C) + (D) + (E) + (F)

	(C)	(D)	(E)			(F)	(G)				
			Saleable GFA[8]								
GFA Completed[4]	GFA Held for Company's Own Use	Non-Saleable and Non-Leasable GFA[5]	GFA Sold[6]	GFA Pre-sold[6][9]	GFA Available for Sale[6]	Leasable GFA[6][7]	Underground GFA [6][10]	Development Costs Incurred[11]	Future Development Costs[11][12]	Property Market Value	Property Number Adopted in Property Valuation Report
(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
–	6,583	2,074	–	–	249,834	–	91,972	74.0	1,260.6	2,000.3	21
–	–	–	–	–	496,200	–	162,133	201.6	2,074.2	–	–
–	–	200	–	–	49,803	–	7,110	15.3	149.4	180.3	24
		200			49,803	–	7,152	3.0	162.1	121.8	23
–	–	3,000	–	–	1,712,420	–	519,736	287.3	5,977.0	2,388.3	22
–	2,922	–	–	–	25,868	–	4,294	9.7	137.6	444.1	26
–	–	–	–	–	170,725	–	38,398	30.3	663.1	–	–
–	6,800	–	–	–	160,250	–	30,000	53.0	694.3	282.7	28
–	–	–	–	–	116,917	–	31,368	24.1	490.0	140.4	27
–	–	–	–	–	95,662	–	24,180	21.1	395.4	–	–
–	–	–	–	–	21,255	–	7,188	3.0	94.6	–	–
–	–	–	–	–	336,770	–	37,353	53.5	587.0	182.2	25
–	–	–	–	–	388,431	–	27,000	79.8	1,214.1	575.4	29
–	–	–	–	–	489,293	–	154,552	169.0	1,893.8	477.5	30
–	**16,305**	**5,474**	**–**	**–**	**4,246,314**	**–**	**1,111,068**	**1,000.5**	**15,303.2**	**6,793**	**–**

Project	Project Company	City	Interest Attributed to the Group	Actual/ Estimated Commencement Date(1)	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date(2)	Site Area	(A) Total GFA(3)	(B) GFA with Land Use Rights Obtained
				(month/ year)	*(month/ year)*	*(month/ year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
IV. Potential Development Projects									
1. Qingdao Optics Valley Software Park (Phase II) (青島光谷軟件園二期)	Qingdao OVU Development	Qingdao	100%	Oct 2014	NA(14)	Jun 2016	113,334	284,214	–
2. Qingdao Optics Valley Software Park (Phase III) (青島光谷軟件園三期)	Qingdao OVU Development	Qingdao	100%	Dec 2015	NA(14)	Sep 2021	1,000,005	2,369,286	–
3. Qingdao Marine & Science Park (Phase II) (青島海洋科技園二期)	Qingdao OVU Development	Qingdao	100%	Mar 2015	NA(14)	Mar 2016	12,145	26,218	–
4. Shenyang Financial Harbour (Phase II) (瀋陽金融港二期)	Shenyang OVU Development	Shenyang	100%	Mar 2015	Mar 2016	Sep 2018	200,001	400,002	–
5. Ezhou OVU Science and Technology City (Phase II – Phase III) (鄂州光谷聯合科技城二期至三期)	Hubei Technology Enterprise Accelerator	Ezhou	80%				640,244	827,932	–
– Industrial			80%	Mar 2015	Jul 2015	Mar 2017	311,402	535,028	–
– Residential			80%	Oct 2015	Oct 2016	Sep 2017	328,842	292,904	–
6. Huangshi OVU Science and Technology City (Phase II) (黃石光谷聯合科技城二期)	Huangshi OVU Development	Huangshi	100%	Sep 2014	Jun 2015	Mar 2017	145,419	218,100	–
7. Huangshi OVU Science and Technology City (Phase III) (黃石光谷聯合科技城三期)	Huangshi OVU Development	Huangshi	100%	Mar 2015	Mar 2016	May 2017	167,784	267,800	–
8. Creative Capital (Phase II) (創意天地二期)	Wuhan Optics Valley Union	Wuhan	100%	Oct 2015	Oct 2016	Sep 2018	184,874	669,599	–
Subtotal							**2,463,806**	**5,063,151**	**–**
Aggregate Total of I to IV							**6,332,621**	**13,750,953**	**3,906,210**

Relationship among marked columns: (A) = (C) + (D) + (E) + (F) + (G)
(B) = (C) + (D) + (E) + (F)

GFA Completed[4]	(C) GFA Held for Company's Own Use	(D) Non-Saleable and Non-Leasable GFA[5]	(E) Saleable GFA[8] GFA Sold[6]	GFA Pre-sold[6][9]	GFA Available for Sale[6]	(F) Leasable GFA[6][7]	(G) Underground GFA [6][10]	Development Costs Incurred[11]	Future Development Costs[11][12]	Property Market Value	Property Number Adopted in Property Valuation Report
(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
–	–	–	–	–	240,286	–	43,928	–	1,096.4	Nil	41
–	–	–	–	–	2,000,000	–	369,286	–	7,983.3	Nil	42
–	–	–	–	–	18,218	–	8,000	–	46.4	Nil	43
–	–	–	–	–	400,002	–	–	–	1,453.6	Nil	44
–	–	–	–	–	773,338	–	54,594	–	1,468.7	Nil	40
–	–	–	–	–	535,028	–	–	–	1,016.6	Nil	–
–	–	–	–	–	238,310	–	54,594	–	452.1	Nil	–
–	–	–	–	–	218,100	–	–	–	657.6	Nil	39
–	–	–	–	–	267,800	–	–	–	725.5	Nil	–
–	–	–	–	–	669,599	–	–	–	120.0	Nil	38
–	**–**	**–**	**–**	**–**	**4,587,343**	**–**	**475,808**	**–**	**13,551.5**	**Nil**	**–**
2,249,006	**69,848**	**26,322**	**1,597,788**	**179,582**	**9,813,118**	**50,733**	**2,014,027**	**8,641.6**	**31,131.5**	**13,187.8**	**–**

Notes:

(1) The actual construction commencement date refers to the date in the construction works commencement permit (建築工程施工許可證) on or after which we commenced construction of a project. For projects planned for future development, the estimated construction commencement date of a project reflects our best estimate based on our current development plan for the project.

(2) The actual construction completion date refers to the date of record for the acceptance examination upon project completion (竣工驗收備案證明) with respect to a project. For projects under development and projects planned for future development, the estimated construction completion date of a project reflects our best estimate based on our current development plan for the project.

(3) "Total GFA" in respect of each completed property is based on figures provided in the record of acceptance examination upon project completion in respect of the project for which we have obtained the permit, or in some case, our internal records and estimates based on an independent report. "Total GFA" in respect of each project under development is based on figures provided in (i) the construction works commencement permit in respect of the project for which we have obtained the permit but not yet obtained the record of acceptance examination upon project completion, (ii) the planning permit for construction works (建設工程規劃許可證) in respect of the project for which we have obtained the planning permit for construction works but not yet obtained the construction works commencement permit, or (iii) our internal records and estimates. It includes attributable value of amenities.

(4) "GFA Completed" is based on figures provided in real property certificates, construction and planning permits, surveying reports or record for the acceptance examination upon project completion (竣工驗收備案證明) by relevant government departments.

(5) "Non-Saleable and Non-Leasable GFA" of properties includes the GFA of certain area above ground used as shared car parking spaces and other ancillary facilities.

(6) The following information is based on our internal records and estimates: (a) "Measured Area", (b) "GFA Sold", (c) "GFA Pre-sold", (d) "GFA Available for Sale", (e) "Leasable GFA", and (f) "Underground GFA".

(7) "Leasable GFA" represents the total GFA of investment properties in each project which we hold and lease for recurring rental income.

(8) "Saleable GFA" in respect of each completed project represents the GFA designated by us for sale but having not been sold; "Saleable GFA" in respect of each project under development represents estimated GFA that is designated by us for sale, being among the GFA that is leasable or saleable according to the pre-sale permit (預售許可證) or, where the pre-sale permit is not yet available, our internal records and estimates.

(9) Figures for "GFA Pre-sold" are based on our internal records. A property is pre-sold when a binding sales agreement has been executed.

(10) "Underground GFA" of properties includes the GFA of certain underground area used as car parking spaces and other ancillary facilities (including storage rooms, equipment facilities and power supply stations). Save for the Lido Garden, we do not have titles to or land use rights of the underground car parking spaces in respect of our projects other than an entitlement to use (使用權) them in accordance with the relevant construction and planning permits and the local general practice in Wuhan. We have titles to the underground car parking spaces in the Lido Garden. See the subsection headed "Financial Information – Results of Operations – Description of Certain Income Statement Items – Turnover – Property Development – Car Parking Spaces" in this prospectus for further discussion.

(11) The following information is based on our internal records or estimates and unaudited financial information: (a) development cost incurred for certain projects and (b) future development costs. Development cost incurred represents all the development costs incurred for each project as of December 31, 2013, mainly including land costs and construction costs for each project.

(12) Development costs incurred and future development costs for each project equal to the total actual/estimated development costs for the project.

(13) We currently generate a significant part of our turnover from sales of properties in our projects, and as of December 31, 2013, we did not designate any properties in the Optics Valley Software Park Exhibition Centre (Phase II) as investment properties.

(14) The Qingdao Municipal Government has not provided the policies allowing pre-sales of properties in respect of business park projects.

(15) The total GFA of 3,083 sq.m. excludes that of the construction insulation structure for fire prevention. With the total GFA of that structure included, the total GFA would be 3,546 sq.m.

(16) There are 93 underground car parking spaces in the Lido Garden project with no GFA information available.

(17) As we only hold a 50% equity interest in the project company, its financial information was not included in our consolidated financial statements for the Track Record Period.

Description of Our Property Projects

The following are detailed descriptions of the 35 business park projects and five residential projects in proximity to our business parks, which our Group and joint venture have developed. Our business park projects are in various development stages, including completed projects, projects under development, projects planned for future development and potential development projects. The commencement date relating to each of the completed projects generally refers to the date of construction commencement of such project as indicated in the completion reports. If no such date is indicated in the completion report, it means the date of construction commencement as indicated in the relevant approval or permit received from local governments. With respect to each project under development, the commencement date refers to the actual date of construction commencement. The completion dates set out in the description of project developments are derived on the following basis: (i) if the completion and inspection documents have been issued or approved by the relevant authorities, the completion date of the project is taken to be the date when such documents were issued or approved, as applicable; or (ii) if such completion and inspection documents have not been issued or approved by the relevant authorities, the completion date represents our best estimate based on our current development plans.

In addition to our existing property development projects, we are actively exploring opportunities for additional business park projects in China. In accordance with our expansion plan, we have entered into several non-binding project framework, cooperation or investment agreements with certain local governmental authorities to demonstrate our early commitment to develop these projects. We are required to go through the public tender, auction, or listing-for-sale procedures (as the case may be) under relevant PRC rules and regulations and/or obtain relevant government approvals before we can obtain land use rights with respect to land parcels contemplated in these agreements. As such, there is no assurance that these agreements will lead to our acquisition of any land use right. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – We may not be able to obtain land use rights certificates for certain existing properties or properties we may need to acquire in the future" in this prospectus for further details.

Our Business Parks in Wuhan

The following map illustrates the geographic locations of our projects in Wuhan as of December 31, 2013:

- Our business park projects
- Our residential projects
- Third party projects for which we provided development management services

- Administrative/Municipal Government Center
- University
- Tourist Attraction
- Hotel

- Shopping Area
- Hospital
- Highway
- Railway

(1) Optics Valley Software Park (光谷軟件園)

The following table sets forth an overview of our Optics Valley Software Park in different development phases as of December 31, 2013.

Project	Actual/ Estimated Commence Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Optics Valley Software Park											
Optics Valley Software Park (Phase I-IV) (光谷軟件園一至四期)	Apr 2001	Dec 2004	Sep 2010	393,296	508,826	435,071	–	1,214	436,285	1,155.0	–
Optics Valley Software Park (Phase V) (光谷軟件園五期)	Jan 2010	Nov 2010	Nov 2013	37,925	238,893	160,859	–	18,716	179,575	592.2	–
Optics Valley Software Park (Phase VI) (光谷軟件園六期)	Oct 2010	Aug 2011	Dec 2012	28,677	100,106	61,065	–	18,954	80,019	349.5	–
Total				**459,898**	**847,825**	**656,995**	**–**	**38,884**	**695,879**	**2,096.7**	**–**
Optics Valley Software Park Exhibition Center											
Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期)	Oct 2008	Feb 2009	Dec 2009	8,946	1,570	–	–	1,570	1,570	15.1	–
Optics Valley Software Park Exhibition Center (Phase II) (光谷軟件園展示中心二期)	Aug 2012	NA	Dec 2013	19,798	26,319	–	–	12,097	12,097	124.1	–
Total				**28,744**	**27,889**	**–**	**–**	**13,667**	**13,667**	**139.2**	**–**

The Optics Valley Software Park is located in the East Lake Hi-Tech Development Zone, with a man-made lake in the center surrounded by a great number of low-rise, stand-alone office buildings. It provides top-grade infrastructure facilities to multinational corporations and small, fast-growing companies for research and development of software and other technologies, financial back-office services, and service outsourcing. It serves as the platform for (i) start-up businesses by returned overseas students, (ii) designing of cartoon, and (iii) designing of integrated circuits. The Optics Valley Software Park consists of office buildings with supporting facilities (including distributed energy supply stations, canteens and hotels) for both established as well as start-up companies.

The Optics Valley Software Park Exhibition Center is located within the Optics Valley Software Park. It provides the functions of reception and exhibition for events held in the Optics Valley Software Park. The Optics Valley Software Exhibition Center consists of VIP reception, conference halls and activity centers.

As of the Latest Practicable Date, approximately 440 companies had established their businesses in the Optics Valley Software Park, including software development companies focused on computer animation, network communication, information system, geographical services, embedded modules and other technologies, service outsourcing companies, financial institutions, and IT educational service companies. Our long-term residents at the Optics Valley Software Park include International Business Machine, Hewlett Packard, Ericsson, Bank of Communications Co., Ltd.* (交通銀行股份有限公司), China Merchants Bank Co., Ltd.* (招商銀行股份有限公司), China Everbright Bank Co., Ltd.* (中國光大銀行股份有限公司), Hankou Bank Co., Ltd.* (漢口銀行股份有限公司), UnionPay Merchant Services Co. Ltd.* (銀聯商務有限公司), Huawei Technologies Co., Ltd.* (華為技術有限公司), iSoftStone Information Service Corporation* (軟通動力信息技術(集團)有限公司), Transn (China) Technology Co. Ltd.* (傳神(中國)網路科技有限公司), Augmentum, Inc.* (群碩軟件開發公司), Pactera Technology International Ltd.* (文思海輝技術有限公司), Panalpina World Transport (PRC) Ltd. (泛亞班拿國際運輸代理(中國)有限公司), China Security & Surveillance Intelligence (PRC), Inc.* (安防科技(中國)有限公司), China Railway (Second) Engineering Group Co. Ltd.* (中鐵二院工程集團有限責任公司), Hewlett-Packard Company, China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), Tianping Auto Insurance Company Ltd. (天平汽車保險股份有限公司), Shanghai Yishiduo E-Commerce Company Co., Ltd. (上海益實多電子商務有限公司) and Jiang Toon Animation Co., Ltd* (江通動畫股份有限公司).

The construction of the Optics Valley Software Park consists of six phases, and the construction of the Optics Valley Software Park Exhibition Center consists of two phases, the details of which are described below:

Optics Valley Software Park (Phases I to IV) – Completed Project

Phase I

Phase II

Phase III

Phase IV

The Optics Valley Software Park (Phases I to IV) occupies a site area of approximately 393,296 sq.m. with a total GFA of approximately 508,826 sq.m. The project is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Software Park (Phases I to IV), which comprises 45 office buildings, commenced in April 2001 and was completed in September 2010. We obtained the pre-sale permits with respect to the GFA of 436,213 sq.m. and commenced the pre-sale of the Optics Valley Software Park (Phases I to IV) in December 2004. As of December 31, 2013, we had sold properties with a GFA of approximately 435,071 sq.m.

Optics Valley Software Park (Phase V) – Completed Project

The Optics Valley Software Park (Phase V) occupies a site area of approximately 37,925 sq.m. with a total GFA of approximately 238,893 sq.m. The project is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

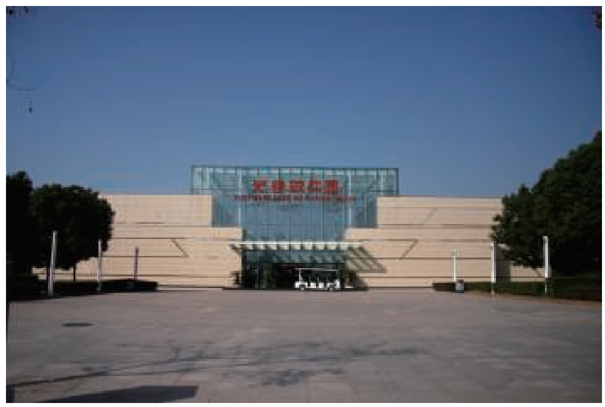
The construction of the Optics Valley Software Park (Phase V), which comprises six high-rise office buildings for research and development, commenced in January 2010 and was completed in November 2013. We obtained the relevant pre-sale permits with respect to the GFA of 173,424 sq.m. and commenced the pre-sale of the Optics Valley Software Park (Phase V) in November 2010. As of December 31, 2013, we had sold properties with a GFA of 160,859 sq.m.

Optics Valley Software Park (Phase VI) – Completed Project

The Optics Valley Software Park (Phase VI) occupies a site area of approximately 28,677 sq.m. with a total GFA of approximately 100,106 sq.m. The project is wholly owned and developed by Optics Valley Software Park, one of our wholly-owned subsidiaries. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Software Park (Phase VI), which comprises five office buildings, commenced in October 2010 and was completed in December 2012. We obtained the pre-sale permits with respect to the GFA of 80,289.93 sq.m. and commenced the pre-sale of the Optics Valley Software Park (Phase VI) in August 2011. As of December 31, 2013, we had sold properties with a GFA of approximately 61,065 sq.m.

Optics Valley Software Park Exhibition Center (Phase I) – Completed Project



The Optics Valley Software Park Exhibition Center (Phase I) occupies a site area of approximately 8,946 sq.m. with a total GFA of approximately 1,570 sq.m. The project is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Software Park Exhibition Center (Phase I), which comprises one building for event reception and exhibition, commenced in October 2008 and was completed in December 2009. We obtained the pre-sale permits with respect to the GFA of 1,515.08 sq.m.

Optics Valley Software Park Exhibition Center (Phase II) – Completed Project

The Optics Valley Software Park Exhibition Center (Phase II) occupies a site area of approximately 19,798 sq.m. with a total GFA of approximately 26,319 sq.m. The project is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Software Park Exhibition Center (Phase II), which comprises the expansion of the exhibition center of Phase I and two new office buildings for research and development, commenced in August 2012 and was completed in December 2013.

(2) Optics Valley Financial Harbour (光谷金融港)

The following table sets forth an overview of our Optics Valley Financial Harbour in different development phases as of December 31, 2013.

						Saleable GFA					
Project	**Actual/ Estimated Commencement Date**	**Actual/ Estimated Pre-sale Date**	**Actual/ Estimated Completion Date**	**Site Area**	**Total GFA**	**GFA Sold**	**GFA Pre-sold**	**GFA Available for Sale**	**Total Saleable GFA**	**Development Costs Incurred**	**Future Development Costs**
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	Jun 2009	May 2010	Sep 2012	145,856	275,913	224,266	–	10,875	235,141	743.7	–
Optics Valley Financial Harbour (Phase II-Buildings B1-B20) (光谷金融港二期 B1-B20棟)	Aug 2011	Dec 2011	Nov 2013	139,463	335,429	227,504	24,745	3,226	255,475	811.5	–
Optics Valley Financial Harbour (Phase II-Buildings B21-B30) (光谷金融港二期 B21-B30)	Sep 2012	Dec 2013	Nov 2014	91,848	179,592	–	92,456	37,944	130,400	309.7	327.9
Optics Valley Financial Harbour (Phase III) (光谷金融港三期)	Mar 2014	Sep 2015	Jul 2016	57,431	350,463	–	–	249,834	249,834	74.0	1,260.6
Optics Valley Financial Harbour (Phase IV) (光谷金融港四期)	Sep 2014	Mar 2016	May 2018	91,838	658,333	–	–	496,200	496,200	201.6	2,074.2
Total				**526,436**	**1,799,730**	**451,770**	**117,201**	**798,079**	**1,367,050**	**2,140.5**	**3,662.7**

The Optics Valley Financial Harbour is located in the East Lake Hi-Tech Development Zone, adjacent to the junction of the Beijing-Zhuhai Highway (京珠高速公路) and Shanghai-Chengdu Highway (滬蓉高速公路), two key transportation routes connecting north to south, and east to west in China. The Optics Valley Financial Harbour provides an integrated, multifunctional platform for banks and financial institutions with easy access to financial back-office services, information technology outsourcing services, business process outsourcing services and other information services. It is comprised of integrated financial back-office service centers with supporting facilities (including distributed energy supply stations, canteens and recreation centers).

As of the Latest Practicable Date, approximately 130 banks, financial institutions and research and development companies have established their permanent operations in the Optics Valley Financial Harbour. Our long-term residents at the Optics Valley Financial Harbour include People's Bank of China* (中國人民銀行), Taikang Life Insurance Co., Ltd.* (泰康人壽保險股份有限公司), Guohua Life Insurance Co., Ltd.* (國華人壽保險股份有限公司), Taiping Life Insurance Co., Ltd.* (太平人壽保險有限公司), Changjiang Securities Company Limited* (長江證券股份有限公司), Hubei Bank Corporation Ltd.* (湖北銀行股份有限公司), Bank of Jiujiang* (九江銀行股份有限公司), Shenzhen Rural Commercial Bank* (深圳農村商業銀行), MediaTek (Wuhan) Inc.* (聯發科技軟件(武漢)有限公司), Beyond Soft Co., Ltd.* (博彥科技股份有限公司), Home Credit Consumer Finance Co., Ltd.* (捷信消費金融有限公司), Lenovo Group, Schneider Electric and China General Nuclear Power Group* (咸寧核電有限公司), China Construction Bank Corporation (中國建設銀行股份有限公司), Postal Savings Bank of China (中國郵政儲蓄銀行), CAMCE WHU Design & Research Co., Ltd. (中工武大設計研究有限公司), Dayu Electric Technology Co., Ltd. (大禹電氣科技股份有限公司), Wuhan Building Material Industry Design & Research Institute Co., Ltd. (武漢建築材料工業設計研究院有限公司) and Cummins (China) Investment Co., Ltd. Wuhan Branch (康明斯(中國)投資有限公司武漢分公司).

The construction of the Optics Valley Financial Harbour consists of four phases, the details of which are described below:

Optics Valley Financial Harbour (Phase I) – Completed Project

The Optics Valley Financial Harbour (Phase I) occupies a site area of approximately 145,856 sq.m. with a total GFA of approximately 275,913 sq.m. The Optics Valley Financial Harbour (Phase I) is wholly owned and developed by OV Financial Harbour Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Financial Harbour (Phase I), which comprises 19 customized office buildings for research and development with supporting facilities (including canteens) in close proximity to major transportation networks, commenced in June 2009 and was completed in September 2012. We obtained the pre-sale permits with respect to 231,696.75 sq.m. and commenced the pre-sale of the Optics Valley Financial Harbour (Phase I) in May 2010. As of December 31, 2013, we had sold properties with the GFA of 224,266 sq.m.

Optics Valley Financial Harbour (Phase II – Buildings B1-B20) – Completed Project

The Optics Valley Financial Harbour (Phase II – Buildings B1-B20) occupies a site area of approximately 139,463 sq.m. with a total GFA of approximately 335,429 sq.m. The Optics Valley Financial Harbour (Phase II – Buildings B1-B20) is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly owned project companies. The land use rights for the Optics Valley Financial Harbour (Phase II – Buildings B1-B20) were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Financial Harbour (Phase II – Buildings B1-B20), which comprises 20 customized high-rise research and development office buildings for financial institutions and companies with large-scale business operations, commenced in August 2011 and was completed in November 2013. We obtained the pre-sale permit with respect to the GFA of 204,847 sq.m. and commenced the pre-sale of the Optics Valley Financial Harbour (Phase II – Buildings B1-B20) in December 2011. As of December 31, 2013, we had sold the GFA of approximately 227,504 sq.m.

Optics Valley Financial Harbour (Phase II – Buildings B21-B30) – Project under Development

The Optics Valley Financial Harbour (Phase II – Buildings B21-B30) occupies a site area of approximately 91,848 sq.m. with a total GFA of approximately 179,592 sq.m. The Optics Valley Financial Harbour (Phase II – Buildings B21-B30) is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly owned project companies. The land use rights for the Optics Valley Financial Harbour (Phase II – Buildings B21-B30) were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Optics Valley Financial Harbour (Phase II – Buildings B21-B30), which is designed to comprise 10 customized high-rise research and development office buildings for financial institutions and companies with large-scale business operations, commenced in September 2012 and is expected to be completed by November 2014.

Optics Valley Financial Harbour (Phase III) – Project Planned for Future Development

The Optics Valley Financial Harbour (Phase III) is designed to occupy a planned site area of approximately 57,431 sq.m. with a total planned GFA of approximately 350,463 sq.m. The Optics Valley Financial Harbour (Phase III) is wholly owned and developed by Wuhan Financial Harbour Development, a project company in which we hold a 70% equity interest. Pursuant to the relevant confirmation letter on bidding for land use rights, the land use rights for Optics Valley Financial Harbour (Phase III) were designated for industrial purposes.

The construction of the Optics Valley Financial Harbour (Phase III), which is designed to comprise seven high-rise research and development buildings and one exhibition center, is scheduled to commence in March 2014 and is expected to be completed by July 2016.

Optics Valley Financial Harbour (Phase IV) – Project Planned for Future Development

The Optics Valley Financial Harbour (Phase IV) is designed to occupy a planned site area of approximately 91,838 sq.m. with a total planned GFA of approximately 658,333 sq.m. The Optics Valley Financial Harbour (Phase IV) is wholly owned and developed by Wuhan Financial Harbour Development, a project company in which we hold a 70% equity interest. Pursuant to the relevant confirmation letter on bidding for land use rights, the land use rights for Optics Valley Financial Harbour (Phase IV) were designated for commercial purposes.

The construction of the Optics Valley Financial Harbour (Phase IV), which is designed to comprise nine high-rise buildings with supporting facilities (including one hotel building, one serviced apartment building, three residential apartment buildings and four buildings for general office uses), is scheduled to commence in September 2014, and is expected to be completed by May 2018.

(3) Wuhan Innocenter (武漢研創中心)

The following table sets forth an overview of our Wuhan Innocenter in different development phases as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Wuhan Innocenter (Phase I) (武漢研創中心一期)	Dec 2011	May 2012	Dec 2012	101,859	61,327	15,175	15,463	28,394	59,032	211.7	–
Wuhan Innocenter (Phase II) (武漢研創中心二期)	Sep 2012	Jul 2013	Aug 2013	65,800	53,353	–	–	40,259	40,259	154.1	–
Wuhan Innocenter (Phase III) (武漢研創中心三期)	Mar 2014	Jan 2015	Mar 2016	28,132	114,268	–	–	99,606	99,606	18.3	311.5
Total				**195,791**	**228,948**	**15,175**	**15,463**	**168,259**	**198,897**	**384.1**	**311.5**

The Wuhan Innocenter is located in Jiangxia District, Wuhan and our only business park with the characteristics of traditional Chinese-style architecture, courtyards and gardens. The Wuhan Innocenter provides top-grade infrastructure facilities to SMEs and start-up companies for research and development of photo electron, biological medicine, new materials and other technologies in Strategic Emerging Industries (including, among others, biotechnology, new materials and next-generation information technology), as well as companies for creative designing. The Wuhan Innocenter mainly consists of low-rise office buildings for research and development, a project exhibition center and supporting facilities (including canteens) with low plot ratios.

As of the Latest Practicable Date, approximately 30 companies had established their businesses in the Wuhan Innocenter. Our long-term residents at the Wuhan Innocenter include Beijing Guodian Lantian Energy Saving Science and Technology Development Co., Ltd.* (北京國電藍天節能科技開發有限公司), Hubei Petrokh Machine Manufacturing Co., Ltd.* (湖北中油科昊機械製造有限公司), Wuhan Delpri Electro-hydraulic Science and Technology Co., Ltd.* (武漢德普力電液科技有限公司), Wuhan Yalishan Medical Technology Co., Ltd.* (武漢亞利山醫學科技有限公司), Wuhan Rongxinchangsheng Bio-Tech Development Co., Ltd.* (武漢融鑫昌盛生物科技發展有限公司), Wuhan Prime Media Technology Co., Ltd.* (武漢普潤傳媒科技股份有限公司) and Wuhan Haichen Industrial Control Co., Ltd.* (武漢海晨工控技術有限公司).

The construction of the Wuhan Innocenter consists of three phases, the details of which are described below:

Wuhan Innocenter (Phase I) – Completed Project

The Wuhan Innocenter (Phase I) occupies a site area of approximately 101,859 sq.m. with a total GFA of approximately 61,327 sq.m. The Wuhan Innocenter (Phase I) is owned and developed by Hubei Huisheng and Wuhan Minghong, two of our wholly-owned project companies, respectively. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Wuhan Innocenter (Phase I), which comprises 34 office buildings for research and development (including one office building which is currently designated for project exhibition purposes), commenced in December 2011 and was completed in December

2012. We obtained the pre-sale permit with respect to the GFA of 16,877 sq.m. of the Wuhan Innocenter (Phase I), which is developed by Hubei Huisheng and commenced the pre-sale of the development in May 2012, and we obtained the pre-sale permit with respect to the GFA of 40,024 sq.m. of the project developed by Wuhan Minghong and commenced the pre-sale of the project in June 2012. As of December 31, 2013, we had sold the GFA of 15,175 sq.m.

Wuhan Innocenter (Phase II) – Completed Project

The Wuhan Innocenter (Phase II) occupies a site area of approximately 65,800 sq.m. with a total GFA of approximately 53,353 sq.m. The Wuhan Innocenter (Phase II) is owned and developed by Hubei Huisheng, our wholly-owned project company. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Wuhan Innocenter (Phase II), which comprises 15 office buildings for research and development with supporting facilities (including one canteen building), commenced in September 2012 and was completed by August 2013. We obtained the relevant pre-sale permits with respect to the GFA of 39,703 sq.m. and commenced the pre-sale of the Wuhan Innocenter (Phase II) in July 2013.

Wuhan Innocenter (Phase III) – Project Planned for Future Development

The Wuhan Innocenter (Phase III) is designed to occupy a planned site area of approximately 28,132 sq.m. with a total planned GFA of approximately 114,268 sq.m. The Wuhan Innocenter (Phase III) is owned and developed by Hubei Huisheng and Wuhan Minghong, two of our wholly-owned project companies, respectively. The land use rights for the project were granted for industrial purposes.

The construction of the Wuhan Innocenter (Phases III), which is designed to comprise four high-rise office buildings for research and development, is scheduled to commence in March 2014 and expected to be completed by March 2016.

(4) Creative Capital (創意天地)

The following table sets forth an overview of our Creative Capital as of December 31, 2013.

						Saleable GFA					
Project	**Actual/ Estimated Commencement Date**	**Actual/ Estimated Pre-sale Date**	**Actual/ Estimated Completion Date**	**Site Area**	**Total GFA**	**GFA Sold**	**GFA Pre-sold**	**GFA Available for Sale**	**Total Saleable GFA**	**Development Costs Incurred**	**Future Development Costs**
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Creative Capital (Phase I) (創意天地一期)	Feb 2012	Mar 2014	Jan 2016	193,900	389,255	–	–	294,143	294,143	833.5	925.7
Creative Capital (Phase II) (創意天地二期)	Oct 2015	Oct 2016	Sep 2018	184,874	669,599	–	–	669,599	669,599	–	120.0[1]
Total				**378,774**	**1,058,854**	**–**	**–**	**963,742**	**963,742**	**833.5**	**1,045.7**

Note:

(1) The future development costs include only estimated land acquisition costs in accordance with the relevant project development schedule.

The Creative Capital is located in Hongshan District, Wuhan. It is designed to be an integrated, multifunctional platform for artists and companies in creative industries, including, among others, advertising and media, art design, fashion design, music, entertainment and internet games. The Creative Capital will comprise commercial and office facilities (including art galleries, artists' creative studios, outdoor theaters and hotels).

Creative Capital (Phase I) – Project under Development

The Creative Capital (Phase I) is designed to occupy a site area of approximately 193,900 sq.m. with a total GFA of approximately 389,255 sq.m. The Creative Capital (Phase I) is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly owned subsidiaries. The land use rights for the project were granted for commercial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Creative Capital (Phase I), which is designed to comprise 61 buildings, commenced in February 2012 and is expected to be completed by January 2016. We are in the process of obtaining the relevant pre-sale permits.

Creative Capital (Phase II) – Potential Development Project

The Creative Capital (Phase II) is designed to occupy a site area of approximately 184,874 sq.m. with a total GFA of approximately 669,599 sq.m. The project is to be wholly owned and developed by Wuhan Optics Valley Union, one of our wholly owned subsidiaries.

(5) Energy Conservation Technology Park (節能科技園) – Project Planned for Future Development

The following table sets forth an overview of our Energy Conservation Technology Park as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Energy Conservation Technology Park (節能科技園)	May 2014	Mar 2015	Dec 2020	686,255	2,235,156	–	–	1,712,420	1,712,420	287.3	5,977.0

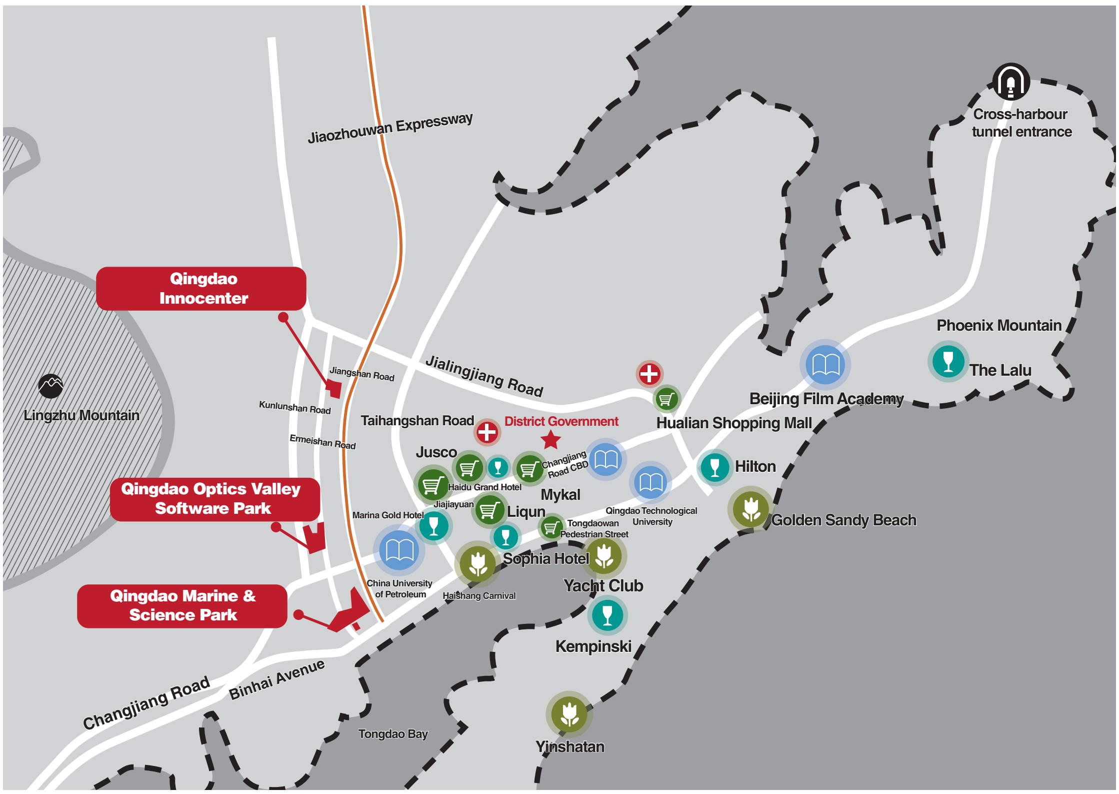
The Energy Conservation Technology Park will be located in the East Lake Hi-Tech Development Zone in Wuhan. It is designed to be an energy-efficient and environment-friendly platform for incubation and development of energy conservation companies as well as research and development of technologies in the fields of energy conservation, environmental protection and relevant information services. The Energy Conservation Technology Park will comprise office buildings for incubation and development of energy conservation companies, office buildings for research and development, a demonstration and experience center, and other supporting facilities.

The Energy Conservation Technology Park is designed to occupy a planned site area of 686,255 sq.m. with a total planned GFA of approximately 2,235,156 sq.m. The Energy Conservation Technology Park is wholly owned and developed by Energy Conservation Technology Park, a project company which we hold a 70% equity interest. Pursuant to the relevant confirmation letter on bidding for land use rights, the land use rights for the project were designated for industrial purposes.

The construction of the Energy Conservation Technology Park, which is designed to comprise 134 office buildings for incubation and development of energy conservation companies and for research and development, is scheduled to commence in May 2014 and expected to be completed by December 2020.

Our Business Parks in Qingdao

The following map illustrates the geographic locations of our projects in Qingdao as of December 31, 2013:



Administrative/Municipal Government Center
University
Tourist Attraction
Hotel
Shopping Area
Hospital
Highway
Railway

(1) Qingdao Optics Valley Software Park (青島光谷軟件園)

The following table sets forth an overview of our Qingdao Optics Valley Software Park in different development phases as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Qingdao Optics Valley Software Park Phase I – 1.1 and 1.5 (青島光谷軟件園一期1.1及1.5區)	Jul 2012	NA	Dec 2013	49,652	80,664	–	24,060	40,205	64,265	260.2	–
Qingdao Optics Valley Software Park Phase I-1.3 to 1.4 (青島光谷軟件園一期1.3至1.4區)	Apr 2013	NA	Dec 2014	79,615	122,972	–	10,903	84,521	95,424	156.2	240.2
Qingdao Optics Valley Software Park Phase I – 1.2 (青島光谷軟件園一期1.2區)	Mar 2014	NA	Oct 2015	18,366	33,085	–	–	25,868	25,868	9.7	137.6
Qingdao Optics Valley Software Park Phase I-1.6 to 1.7 (青島光谷軟件園一期1.6至1.7區)	Mar 2014	NA	Dec 2016	63,563	209,123	–	–	170,725	170,725	30.3	663.1
Qingdao Optics Valley Software Park Phase II (青島光谷軟件園二期)	Oct 2014	NA	Jun 2016	113,334	284,214	–	–	240,286	240,286	–	1,096.4
Qingdao Optics Valley Software Park Phase III (青島光谷軟件園三期)	Dec 2015	NA	Sep 2021	1,000,005	2,369,286	–	–	2,000,000	2,000,000	–	7,983.3
Total				**1,324,535**	**3,099,344**	**–**	**34,963**	**2,561,605**	**2,596,568**	**456.4**	**10,120.6**

The Qingdao Optics Valley Software Park is located in the West Coast Economic Development Zone. It provides top-grade infrastructure facilities to multinational corporations and small, fast-growing companies for research and development of software, computer animation, network communication and other technologies, as well as service outsourcing. The Qingdao Optics Valley Software Park consists of office buildings and supporting facilities (including apartments, canteens and hotels) for both established companies as well as start-ups.

The construction of the Qingdao Optics Valley Software Park consists of three phases, the details of which are described below:

Qingdao Optics Valley Software Park (Phase I – 1.1 and 1.5) – Completed Project

The Qingdao Optics Valley Software Park (Phase I – 1.1 and 1.5) occupies a site area of approximately 49,652 sq.m. with a total GFA of approximately 80,664 sq.m. The project is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Qingdao Optics Valley Software Park (Phase I – 1.1 and 1.5), which comprises 17 office buildings, commenced in July 2012 and was completed in December 2013.

Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4) – Project under Development

The Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4) is designed to occupy a site area of approximately 79,615 sq.m. with an estimated total GFA of 122,972 sq.m. The project is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4), which is designed to comprise 17 buildings for software development and service outsourcing companies, commenced in April 2013 and is expected to be completed by December 2014.

Qingdao Optics Valley Software Park (Phase I – 1.2) – Project Planned for Future Development

The Qingdao Optics Valley Software Park (Phase I – 1.2) is designed to occupy a site area of approximately 18,366 sq.m. with an estimated total GFA of 33,085 sq.m. The project is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial purposes.

The construction of the Qingdao Optics Valley Software Park (Phase I – 1.2), which is designed to comprise three apartment buildings with supporting facilities (including canteen, restaurant and recreation center), is scheduled to commence in March 2014 and is expected to be completed by October 2015.

Qingdao Optics Valley Software Park (Phase I – 1.6 to 1.7) – Project Planned for Future Development

The Qingdao Optics Valley Software Park (Phase I – 1.6 to 1.7) is designed to occupy a site area of approximately 63,563 sq.m. with an estimated total GFA of 209,123 sq.m. The project is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial purposes.

The construction of the Qingdao Optics Valley Software Park (Phase I – 1.6 to 1.7), which is designed to comprise 19 buildings for software development and service outsourcing companies, is scheduled to commence in March 2014 and is expected to be completed by December 2016.

Qingdao Optics Valley Software Park (Phase II) – Potential Development Project

The Qingdao Optics Valley Software Park (Phase II) is designed to occupy a planned site area of approximately 113,334 sq.m. with a total planned GFA of approximately 284,214 sq.m. The project is to be wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies.

Qingdao Optics Valley Software Park (Phase III) – Potential Development Project

The Qingdao Optics Valley Software Park (Phase III) is designed to occupy a planned site area of approximately 1,000,005 sq.m. with a total planned GFA of approximately 2,369,286 sq.m. The project is to be wholly owned and developed by Qingdao OVU Development.

(2) Qingdao Marine & Science Park (青島海洋科技園)

The following table sets forth an overview of our Qingdao Marine & Science Park in different development phases as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Qingdao Marine & Science Park (Phase I) (青島海洋科技園一期)	Oct 2014	NA	Apr 2016	150,681	197,050	–	–	160,250	160,250	53.0	694.3
Qingdao Marine & Science Park (Phase II) (青島海洋科技園二期)	Mar 2015	NA	Mar 2016	12,145	26,218	–	–	18,218	18,218	–	46.4
Total				**162,826**	**223,268**	**–**	**–**	**178,468**	**178,468**	**53.0**	**740.7**

The Qingdao Marine & Science Park will be located in the West Coast Economic Development Zone. It is designed to provide an integrated, multifunctional platform for the incubation and development of ocean technology companies and the research and development of technologies in the field of marine sciences. The Qingdao Marine & Science Park is designed to comprise buildings for the experiment, research and development, exhibition, services and office uses relating to ocean technologies as well as supporting facilities (including, among others, canteens and residential apartments).

The construction of the Qingdao Marine & Science Park is designed to consist of two phases, the details of which are described below:

Qingdao Marine & Science Park (Phase I) – Project Planned for Future Development

The Qingdao Marine & Science Park (Phase I) is designed to occupy a planned site area of 150,681 sq.m. with a total planned GFA of approximately 197,050 sq.m. The Qingdao Marine & Science Park (Phase I) is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies. Pursuant to the relevant land grant contract, the land use rights for the project were designated for industrial purposes.

The construction of the Qingdao Marine & Science Park (Phase I), which is designed to comprise 41 low-rise research and development buildings, is scheduled to commence in October 2014 and expected to be completed by April 2016.

Qingdao Marine & Science Park (Phase II) – Potential Development Project

The Qingdao Marine & Science Park (Phase II) is designed to occupy a planned site area of 12,145 sq.m. with a total planned GFA of approximately 26,218 sq.m. The Qingdao Marine & Science Park (Phase II) is to be wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies.

(3) Qingdao Innocenter (青島研創中心) – Project Planned for Future Development

The following table sets forth an overview of our Qingdao Innocenter as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Qingdao Innocenter (青島研創中心)	Jun 2014	NA	Jun 2016	62,285	148,285	–	–	116,917	116,917	24.1	490.0

The Qingdao Innocenter will be located at the West Coast Economic Development Zone. It is designed to provide top-grade infrastructure facilities to SMEs and start-up companies for research and development of technologies relating to Strategic Emerging Industries. The Qingdao Innocenter will comprise office buildings for the incubation and development of high-technology companies, office buildings for the research and development of technologies in the field of the network communication and logistics information systems, and supporting facilities (including, among others, canteens, residential apartments and hotel).

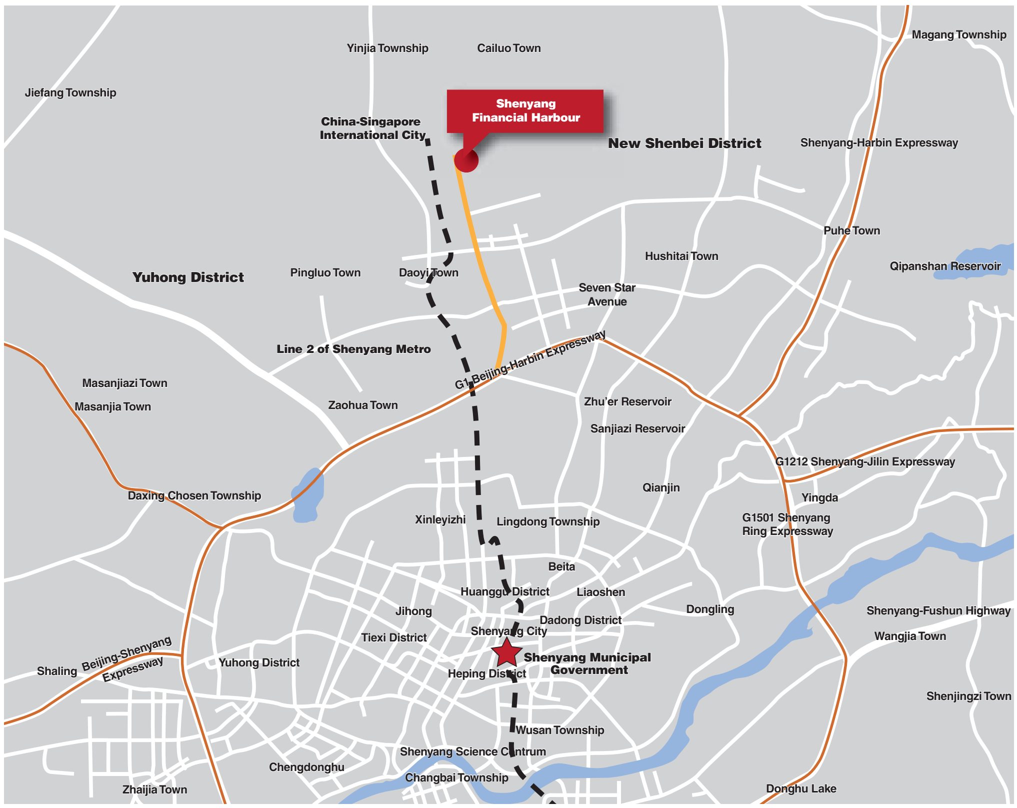
The Qingdao Innocenter is designed to occupy a total planned site area of 62,285 sq.m. with a total planned GFA of approximately 148,285 sq.m. The Qingdao Innocenter is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial and residential purposes.

The construction of the Qingdao Innocenter, which is designed to comprise 20 buildings, is scheduled to commence in June 2014 and expected to be completed by June 2016.

Our Business Parks in Other Cities

(1) Shenyang Financial Harbour (瀋陽金融港)

The following map illustrates the geographic location of our project in Shenyang as of December 31, 2013:



★ Administrative/Municipal Government Center

Highway

Railway

The following table sets forth an overview of our Shenyang Financial Harbour in different development phases as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA			Total Saleable GFA	Development Costs Incurred	Future Development Costs
						GFA Sold	GFA Pre-sold	GFA Available for Sale			
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Shenyang Financial Harbour (Phase I) (瀋陽金融港一期)	Apr 2014	Apr 2015	Sep 2016	246,537	415,431	–	–	388,431	388,431	79.8	1,214.1
Shenyang Financial Harbour (Phase II) (瀋陽金融港二期)	Mar 2015	Mar 2016	Sep 2018	200,001	400,002	–	–	400,002	400,002	–	1,453.6
Total				**446,538**	**815,433**	**–**	**–**	**788,433**	**788,433**	**79.8**	**2,667.7**

The Shenyang Financial Harbour is located in the new Shenbei district, Shenyang city. It is designed to provide an integrated, multifunctional platform (i) for banks and financial institutions with easy access to financial back-office services, information technology outsourcing services and business process outsourcing services, and (ii) for high-technology companies in the research and development of technologies in the fields of photo electron and software development. It will comprise office buildings and supporting facilities (including, among others, canteens, shopping centers and residential apartments).

The construction of the Shenyang Financial Harbour consists of two phases, the details of which are described below:

Shenyang Financial Harbour (Phase I) – Project Planned for Future Development

The Shenyang Financial Harbour (Phase I) is designed to occupy a site area of 246,537 sq.m. with a total GFA of approximately 415,431 sq.m. The Shenyang Financial Harbour (Phase I) is wholly owned and developed by Shenyang OVU Development, one of our wholly-owned project companies. The land use rights for the project were granted for industrial purposes.

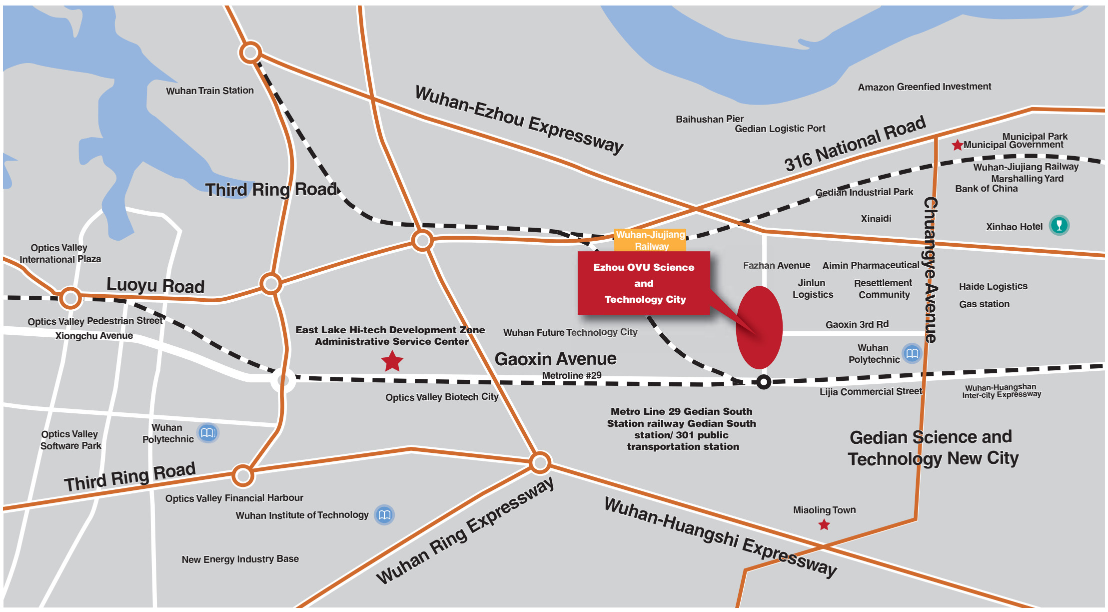
The construction of the Shenyang Financial Harbour (Phase I), which is designed to comprise 36 buildings, is scheduled to commence in April 2014 and is expected to be completed by September 2016.

Shenyang Financial Harbour (Phase II) – Potential Development Project

The Shenyang Financial Harbour (Phase II) is designed to occupy a planned site area of 200,001 sq.m. with a total planned GFA of approximately 400,002 sq.m. The Shenyang Financial Harbour (Phase II) is to be wholly owned and developed by Shenyang OVU Development, one of our wholly-owned project companies.

(2) Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)

The following map illustrates the geographic locations of our projects in Ezhou as of December 31, 2013:



Administrative/Provincial Government Center

University

Hotel

Highway

Railway

The following table sets forth an overview of our Ezhou OVU Science and Technology City in different development phases as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6) (鄂州光谷聯合科技城一期1.1區D2-D3及D5-D6組團)	May 2013	Jul 2013	Dec 2013	73,414	53,452	10,987	11,667	30,799	53,453	47.6	–
Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters C7-C9) (鄂州光谷聯合科技城一期1.1區C7-C9組團)	Jul 2013	Mar 2014	Mar 2014	42,665	50,586	–	–	50,586	50,586	47.8	46.7
Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3) (鄂州光谷聯合科技城一期1.2至1.3區)	Mar 2014	Oct 2014	Sep 2015	297,013	374,123	–	–	336,770	336,770	53.5	587.0
Ezhou OVU Science and Technology City (Phases II and III) (鄂州光谷聯合科技城二至三期)	Mar 2015	Jul 2015	Sep 2017	640,244	827,932	–	–	773,338	773,338	–	1,468.7
Total				**1,053,336**	**1,306,093**	**10,987**	**11,667**	**1,191,493**	**1,214,147**	**148.9**	**2,102.4**

The Ezhou OVU Science and Technology City is located in the Hubei Gedian High-Technology Industrial Development Zone. It is designed to provide top-grade infrastructure facilities to SMEs for research and development of advanced technologies of opto-electronic information, electro-mechanical integration, new materials, energy-conservation and environmental protection. The Ezhou OVU Science and Technology City will comprise office buildings for research and development, one to multi-storey customized buildings for product manufacture, and supporting facilities (including, among others, canteens and residential apartments).

The construction of the Ezhou OVU Science and Technology City consists of three phases, the details of which are described below:

Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6) – Completed Project

The Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6) occupies a site area of approximately 73,414 sq.m. with a total GFA of approximately 53,452 sq.m. The project is wholly owned and developed by Hubei Technology Enterprise Accelerator, a project company in which we hold an 80% equity interest. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6), which comprise 13 office buildings, commenced in May 2013 and was completed in December 2013. We obtained the pre-sale permits with respect to the GFA of 53,452 sq.m. and commenced the pre-sale of the Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters D2-D3 and D5-D6) in July 2013. As of December 31, 2013, we had sold properties with a GFA of approximately 10,987 sq.m.

Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters C7-C9) – Project under Development

The Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters C7-C9) is designed to occupy a site area of 42,665 sq.m. with a total GFA of approximately 50,586 sq.m. The Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters C7-C9) is wholly owned and developed by Hubei Technology Enterprise Accelerator, a project company in which we hold an 80% equity interest. The land use rights for the project were granted for industrial purposes. We subsequently obtained the construction works commencement permits.

The construction of the Ezhou OVU Science and Technology City (Phase I – 1.1 – Clusters C7-C9), which is designed to comprise approximately 11 office buildings for product manufacturing, one canteen and one apartment building, commenced in July 2013 and expected to be completed by March 2014.

Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3) – Project Planned for Future Development

The Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3) is designed to occupy a total planned site area of 297,013 sq.m. with a total planned GFA of approximately 374,123 sq.m. The Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3) is wholly owned and developed by Hubei Technology Enterprise Accelerator, a project company in which we hold an 80% equity interest. The land use rights for the project were granted for industrial purposes.

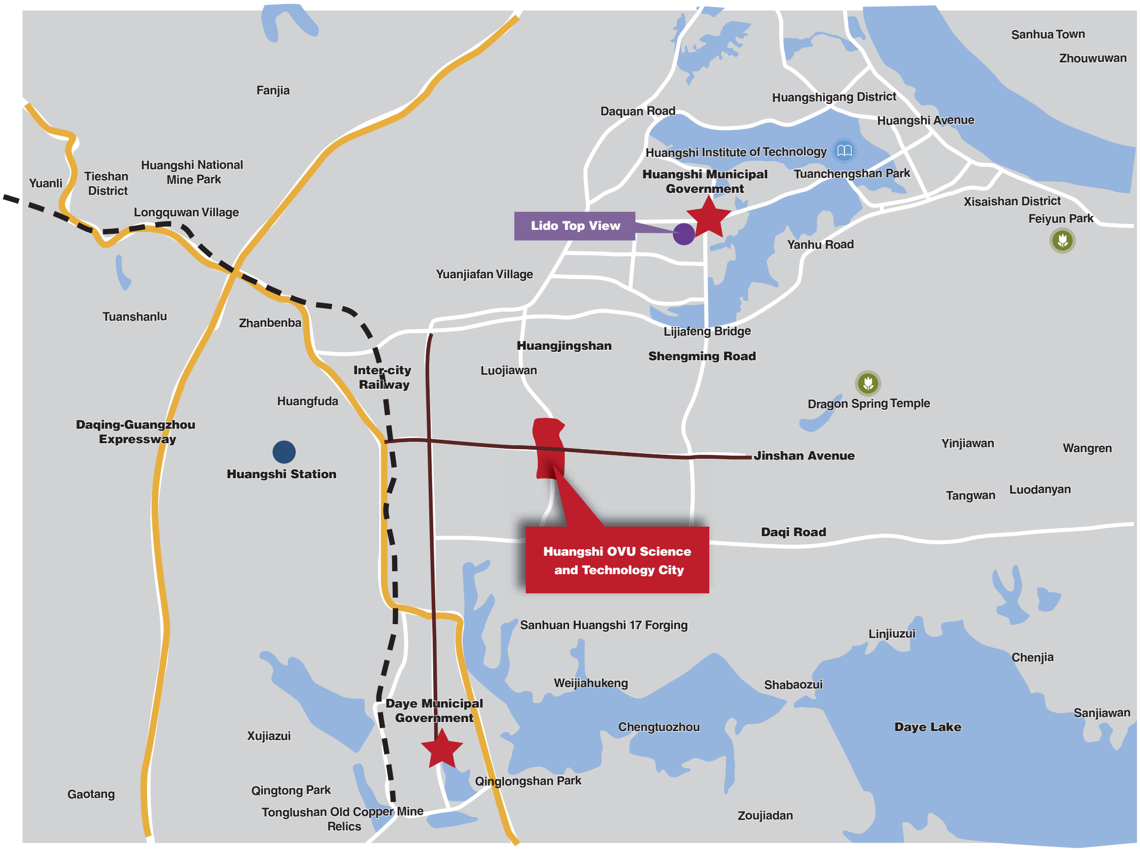
The construction of the Ezhou OVU Science and Technology City (Phase I – 1.2-1.3), which is designed to comprise approximately 31 buildings for product manufacturing, 15 research and development buildings, 25 high-rise residential buildings, one apartment building, one clubhouse building and two buildings for supporting services is scheduled to commence in March 2014 and expected to be completed by September 2015.

Ezhou OVU Science and Technology City (Phases II and III) – Potential Development Project

The Ezhou OVU Science and Technology City (Phases II and III) is designed to occupy a planned site area of 640,244 sq.m. with a total planned GFA of approximately 827,932 sq.m. The Ezhou OVU Science and Technology City (Phases II and III) is to be wholly owned and developed by Hubei Technology Enterprise Accelerator, a project company in which we hold an 80% equity interest.

(3) Huangshi OVU Science and Technology City (黃石光谷聯合科技城)

The following map illustrates the geographic locations of our projects in Huangshi as of December 31, 2013:



Administrative/Municipal Government Center
University
Tourist Attraction
Highway
Railway

The following table sets forth an overview of our Huangshi OVU Science and Technology City as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	(month/year)	(month/year)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB million)	(RMB million)
Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Oct 2013	Dec 2013	Nov 2015	175,337	190,600	–	–	188,600	188,600	69.8	436.5
Huangshi OVU Science and Technology City (Phase II) (黃石光谷聯合科技城二期)	Sep 2014	Jun 2015	Mar 2017	145,419	218,100	–	–	218,100	218,100	–	657.6
Huangshi OVU Science and Technology City (Phase III) (黃石光谷聯合科技城三期)	Mar 2015	Mar 2016	May 2017	167,784	267,800	–	–	267,800	267,800	–	725.5
Total				**488,540**	**676,500**	**–**	**–**	**674,500**	**674,500**	**69.8**	**1,819.6**

The Huangshi OVU Science and Technology City is located in the Golden Hill New Industrial Zone (黃金山工業新區). It is designed to provide an integrated, multifunctional platform for SMEs and start-up companies for the research and development of technologies relating to Strategic Emerging Industries of biotechnology, new energy, high-end equipment manufacturing (including optoelectronic devices), energy conservation and environmental protection, and clean-energy vehicles. The Huangshi OVU Science and Technology City will comprise office buildings for research and development, customized buildings for product manufacture, and supporting facilities providing commercial, living, leisure and entertainment services (including, among others, hotels, shopping centers and residential apartments). The Huangshi OVU Science and Technology City will provide headquarters offices and offices for research and development, hotels with business operation services and customized factory buildings with ancillary residential apartments.

The construction of the Huangshi OVU Science and Technology City consists of three phases, the details of which are described below:

Huangshi OVU Science and Technology City (Phase I) – Project under Development

The Huangshi OVU Science and Technology City (Phase I) is designed to occupy a planned site area of 175,337 sq.m. with a total planned GFA of approximately 190,600 sq.m. The Huangshi OVU Science and Technology City (Phase I) is wholly owned and developed by Huangshi OVU Development. The land use rights for the project were granted for industrial purposes.

The construction of the Huangshi OVU Science and Technology City (Phase I), which is designed to comprise 50 office buildings for research and development, and other customized buildings for product manufacture, is scheduled to commence in October 2013 and expected to be completed by November 2015.

Huangshi OVU Science and Technology City (Phase II) – Potential Development Project

The Huangshi OVU Science and Technology City (Phase II) is designed to occupy a planned site area of 145,419 sq.m. with a total planned GFA of approximately 218,100 sq.m. The Huangshi OVU Science and Technology City (Phase II) is to be wholly owned and developed by Huangshi OVU Development.

Huangshi OVU Science and Technology City (Phase III) – Potential Development Project

The Huangshi OVU Science and Technology City (Phase III) is designed to occupy a planned site area of 167,784 sq.m. with a total planned GFA of approximately 267,800 sq.m. The Huangshi OVU Science and Technology City (Phase III) is to be wholly owned and developed by Huangshi OVU Development.

(4) Hefei Financial Harbour (合肥金融港) – Project Planned for Future Development

The following map illustrates the geographic location of our project in Hefei as of December 31, 2013:

Administrative/Municipal Government Center
University
Tourist Attraction
Hotel
Highway
Railway

The following table sets forth an overview of our Hefei Financial Harbour as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA			Total Saleable GFA	Development Costs Incurred	Future Development Costs
						GFA Sold	GFA Pre-sold	GFA Available for Sale			
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Hefei Financial Harbour (合肥金融港)	Jul 2014	Jan 2015	Feb 2017	114,435	643,845	–	–	489,293	489,293	169,0	1,893.8

The Hefei Financial Harbour will be located at Hefei Binhu New District (合肥市濱湖新區). It is designed to provide an integrated, multifunctional platform to financial institutions, outsourcing service companies and fast-growing SMEs that focus on financial back-office services, information technology outsourcing services, and business process outsourcing services. It is designed to be comprised of integrated financial back-office service centers, outsourcing support centers, office buildings and supporting facilities (including, among others, canteens and residential apartments).

The Hefei Financial Harbour is designed to occupy a planned site area of 114,435 sq.m. with a total planned GFA of approximately 643,845 sq.m. The Hefei Financial Harbour is wholly owned and developed by Hefei OVU Development, a project company in which we hold a 92% equity interest. Pursuant to the relevant land grant contract, the land use rights for the project were designated for commercial purposes.

The construction of the Hefei Financial Harbour, which is designed to comprise approximately 25 office buildings with supporting facilities providing commercial, leisure and entertainment services (including hotels and shopping centers), is scheduled to commence in July 2014 and expected to be completed by February 2017.

Our Residential Projects in Wuhan

We have developed three residential projects in Wuhan in proximity to our business park projects, which cater to the housing needs of our customers' employees working in our business parks. Please refer to the map under "Our Business Parks in Wuhan" for the geographic locations of our residential projects in Wuhan as of December 31, 2013.

The following table sets forth an overview of our residential projects in Wuhan as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA: GFA Sold	Saleable GFA: GFA Pre-sold	Saleable GFA: GFA Available for Sale	Total Saleable GFA	Development Costs Incurred	Future Development Costs
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Romantic Town (麗島漫城)	Jul 2008	Apr 2009	Dec 2011	94,432	158,876	141,499	124	1,822	143,445	445.6	–
Lido 2046 (麗島2046)	Aug 2012	May 2014	Oct 2015	37,986	126,629	–	–	113,123	113,123	477.2	299.8
Lido Mason (Phase I) (麗島美生一期)	Jul 2011	May 2012	Sep 2013	36,105	71,203	57,997	6,274	4,801	69,072	210.6	–
Lido Mason (Phase II) (麗島美生二期)	Oct 2012	May 2013	Nov 2014	36,067	80,524	–	48,494	11,804	60,298	200.6	81.6
Total				**204,590**	**437,232**	**199,496**	**54,892**	**131,550**	**385,938**	**1,334.0**	**381.4**

(1) Romantic Town (麗島漫城) – Completed Project

The Romantic Town is located in the East Lake Hi-Tech Development Zone. It is a residential complex in proximity to the Optics Valley Software Park and the Optics Valley Financial Harbour. Each of the two business parks is in different development phases in Wuhan.

The Romantic Town occupies a site area of approximately 94,432 sq.m. with a total GFA of approximately 158,876 sq.m. The complex is wholly owned and developed by Wuhan Xuefu, a project company in which we hold a 51% equity interest. The land use rights for the project were granted for residential purposes. We subsequently obtained the construction works commencement permits.

The construction of the Romantic Town, which comprises 24 buildings, commenced in July 2008 and was completed in December 2011. We obtained the relevant pre-sale permits with respect to the GFA of 140,303.3 sq.m. and commenced the pre-sale of the Romantic Town in April 2009. As of December 31, 2013, we had sold the GFA of 141,499 sq.m.

(2) Lido 2046 (麗島2046) – Project under Development

The Lido 2046 is located in the East Lake Hi-Tech Development Zone. It is designed to be a residential complex in proximity to the Creative Capital, our business park under development in Wuhan.

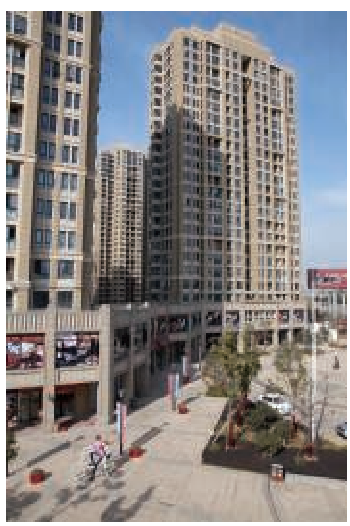
The Lido 2046 is designed to occupy a site area of approximately 37,986 sq.m. with a total GFA of 126,629 sq.m. The Lido 2046 is wholly owned and developed by Wuhan Optics Valley Union. The land use rights for the project were granted for residential purposes. We subsequently obtained the construction works commencement permits.

The construction of the Lido 2046, which is designed to comprise eight buildings, commenced on August 2012 and is expected to be completed in October 2015. We are in the process of obtaining the relevant pre-sale permits and expect to commence the pre-sale of the Lido 2046 in May 2014.

(3) Lido Mason (麗島美生)

The Lido Mason is located in the East Lake Hi-Tech Development Zone. It is designed to be a residential complex in proximity to the Optics Valley Software Park, our business park in different development phases in Wuhan.

Lido Mason (Phase I) – Completed Project



The Lido Mason (Phase I) occupies a site area of 36,105 sq.m. and a total GFA of approximately 71,203 sq.m. The Lido Mason (Phase I) is wholly owned and developed by Wuhan Mason. We provided development management services for the project. The land use rights for the project were granted for residential purposes. Wuhan Mason subsequently obtained the construction works commencement permits.

The construction of the Lido Mason (Phase I), which comprises five buildings, commenced in July 2011 and was completed in September 2013. We obtained the relevant pre-sale permits with respect to the GFA of 66,152 sq.m. and commenced the pre-sale of the Lido Mason (Phase I) in May 2012. As of December 31, 2013, we had presold the GFA of 6,274 sq.m.

Lido Mason (Phase II) – Project under Development

The Lido Mason (Phase II) is designed to occupy a site area of 36,067 sq.m. and a total GFA of approximately 80,524 sq.m. The Lido Mason (Phase II) is wholly owned and developed by Wuhan Mason. We have provided development management services for the project. The land use rights for the project were granted for residential purposes. Wuhan Mason subsequently obtained the construction works commencement permits.

The construction of the Lido Mason (Phase II), which is designed to comprise three buildings, commenced in October 2012 and is expected to be completed by November 2014. We obtained the relevant pre-sale permits with respect to the GFA of 59,336 sq.m. and commenced the pre-sale of the Lido Mason (Phase II) in May 2013. As of December 31, 2013, we had presold the GFA of 48,494 sq.m.

Our Residential Project in Huangshi – Lido Top View (麗島半山華府) – Completed Project

Our residential project, Lido Top View, in Huangshi has catered to the housing needs of our customers' employees working in the Huangshi Science and Technology Union City. Please refer to the map under "Business – Our Business Parks in Other Cities – Huangshi OVU Science and Technology City" for the geographic location of our residential project in Huangshi as of December 31, 2013.

The following table sets forth an overview of our residential project, Lido Top View, in Huangshi as of December 31, 2013:

Project	Actual/ Estimated Commencement Date	Actual/ Estimated Pre-sale Date	Actual/ Estimated Completion Date	Site Area	Total GFA	Saleable GFA			Total Saleable GFA	Development Costs Incurred	Future Development Costs
						GFA Sold	GFA Pre-sold	GFA Available for Sale			
	(month/year)	*(month/year)*	*(month/year)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*
Lido Top View (麗島半山華府)	Mar 2006	Dec 2006	Jun 2010	122,261	148,271	130,165	164	1,291	131,620	326.6	–

The Lido Top View is located in the Huangshi Economic Development Zone. It is designed to be a residential complex in proximity to the Huangshi OVU Science and Technology City, our business park in different development phases in Huangshi.

The Lido Top View occupies a site area of approximately 122,261 sq.m. with a total GFA of approximately 148,271 sq.m. The Lido Top View is wholly owned and developed by Huangshi OVU Development, one of our wholly owned project companies. The land use rights for the project were granted for residential purposes. We subsequently obtained the construction works commencement permits.

The construction of the Lido Top View, which comprises 56 buildings, commenced in March 2006 and was completed in June 2010. We obtained the relevant pre-sale permits with respect to the GFA of 147,752 sq.m. and commenced the pre-sale of the Lido Top View in December 2006. As of December 31, 2013, we had sold the GFA of 130,165 sq.m.

THIRD PARTY PROJECTS FOR WHICH WE PROVIDE DEVELOPMENT MANAGEMENT SERVICES

Overview

We provide development management services for the third party business parks owned by local governments and enterprises, as well as residential projects owned by local entities and Wuhan Mason. See the subsection headed "– Our Development Management Services for Third Party Business Park and Residential Projects" in this section for further discussion. The following table sets forth an overview of the third party projects for which we provided development management services as of December 31, 2013:

	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Site Area	Total GFA
	(month/year)	*(month/year)*	*(sq.m.)*	*(sq.m.)*
Business park projects owned by local governments and enterprises				
Wuhan National Biotech Innovation Business Park (Phase 1) (武漢國家生物產業創新基地一期)	Dec 2008	Jan 2017	993,338	1,058,202
Wuhan Hi-Tech Medical Devices Business Park (Phase I) (武漢高科醫療器械園一期)	Jul 2010	Dec 2014	202,879	413,475
Wuhan Future Technology City (Phase I) (武漢未來科技城一期)	Oct 2010	Nov 2015	400,900	598,705
China Electronics New Energy (Wuhan) Research Institute (Phase I) (中國電子新能源(武漢)研究院)	Oct 2012	Oct 2014	18,321	21,002
Subtotal			1,615,438	2,091,384

	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Site Area	Total GFA
	(month/year)	*(month/year)*	*(sq.m.)*	*(sq.m.)*
Other residential projects				
Lido Liuyuan (麗島柳園)	Nov 2005	Feb 2010	38,907	133,959
Lido Mason (麗島美生)	Jul 2011	Nov 2014	72,172	151,727
Subtotal			111,079	285,686
Total			1,726,517	2,377,070

Business Park Projects Owned by Local Governments and Enterprises

The Wuhan Municipal Government has selected us as the developer and operator for three large-scale business parks with distinctive themes of Strategic Emerging Industries (including, among others, energy-saving and environmental protection, information technology, biotechnology, advanced equipment manufacturing, new energy, new materials and new-energy vehicles). The three projects are all located in the Wuhan East Lake Hi-Tech Development Zone, adjacent to the junction of the Beijing-Zhuhai Highway (京珠高速公路) and Shanghai-Chengdu Highway (滬蓉高速公路), two key transportation routes in China. The Wuhan East Lake Hi-Tech Development Zone is one of the national-level development zones and one of the national independent innovation demonstration zones which benefit from national and local preferential policies. In addition, Wuhan Zhongyuan Electronics Group Company Limited (武漢中原電子集團有限公司) has selected us as the developer and operator of its large-scale business park in the Wuhan Future Technology City. Please refer to the map under "Business – Our Business Parks in Wuhan" for the geographic locations of the business park projects owned by local governments and enterprises as of December 31, 2013.

(1) Wuhan National Biotech Innovation Business Park (Phase I) (武漢國家生物產業創新基地一期) – Project under Development

The Wuhan National Biotech Innovation Business Park is designated as one of the six major large-scale sub-business parks situated in the Biolake, which was ranked jointly by BioInsight and Devott in 2012 as being among the top three biotechnology business parks in China and the top two biotechnology business parks with the best industry-specific features in China. It is designed to provide an integrated, multifunctional platform to biotechnology companies for the research and development of biotechnologies and the business incubation of biotechnology companies. The Wuhan National Biotech Innovation Business Park will comprise a biotechnology laboratory, an animal experimentation center, office buildings for high-technology projects, a building for business incubation and development of biotechnology companies, a biological research and outsourcing service area, a site for the biological energy and biological information industries as well as different sites for research and development, business incubation of new companies, pilot run and business uses relating to biotechnologies.

As of the Latest Practicable Date, the Wuhan National Biotech Innovation Business Park is home to approximately 100 companies, including, among others, Pfizer China Research and Development Center* (輝瑞(中國)研究開發有限公司), WuXi PharmaTech Inc.* (藥明康得集團), BGI (華大基因), Wuhan Humanwell Healthcare (Group) Co., Ltd.* (武漢人福高科技產業股份有限公司), Shanghai Newsummit Biopharma Group Co., Ltd.* (上海新生源醫藥研究有限公司), Pharnorcia (Beijing) Ltd.* (華諾森(北京)生物醫藥技術有限公司), HUYA Bioscience International, LLC* (滬亞生物國際), Waterstone Pharmaceuticals (Wuhan), Ltd.* (中美華世通生物醫藥科技有限公司), Wuhan Institute of Biotechnology* (武漢生物技術研究院), HD Biosciences Co., Ltd.* (輝源生物科技有限公司), Sinopharm Medicine Holding Hubei Co., Ltd.* (國藥控股湖北有限公司), China National Seed Group Co., Ltd.* (中國種子集團有限公司), Hubei Food and Drug Administration* (湖北省食品藥品監督管理局), Hubei Provincial Institute Co., Ltd. of Pharmaceutical Industry* (湖北省醫藥工業研究院有限公司), Wuhan Port Drug Inspection Center* (武漢口岸藥品檢驗所), Hubei Provincial Center for Disease Control and Prevention* (湖北省疾病預防控制中心), Wuhan Sanying Biotechnology, and Hubei Import and Export Inspection Center* (湖北出入境檢驗檢疫局).

We have been engaged by the Wuhan Municipal Government for the development and management of the Wuhan National Biotech Innovation Business Park (Phase I), one of the priority development projects in Wuhan. The Wuhan National Biotech Innovation Business Park (Phase I) is designed to occupy a planned site area of approximately 993,338 sq.m. with a total planned GFA of approximately 1,058,202 sq.m. We entered into an agency agreement with Wuhan Optics Valley Biotechnology Industrial Base Construction Investment Company Limited* (武漢光谷生物產業基地建設投資有限公司) (property owner of the business park) in December 2008. The pre-negotiated fee is approximately 1.5% of the total investment amount of the project. The owner pays us the service fee on a monthly basis. The remaining balance is settled within seven business days after a final inspection and settlement report is completed.

The construction of the Wuhan National Biotech Innovation Business Park (Phase I), which is designed to comprise six buildings for research and development, as well as general office use, with infrastructure and supporting facilities (serving functions of technical support, public service, business establishment, information and resource sharing, investment and financing, and talent recruitment), commenced in December 2008 and is expected to be completed by January 2017.

(2) Wuhan Hi-Tech Medical Devices Business Park (Phase I) (武漢高科醫療器械園一期) – Project under Development

The Wuhan Hi-Tech Medical Devices Business Park is designated as one of the six major large-scale sub-business parks situated in the Biolake. It is designed to provide an integrated, multifunctional platform to biotechnology companies for the research and development of biopharmaceutical devices and relevant manufacture technologies. The Wuhan Hi-Tech Medical Devices Business Park will comprise office buildings for research and development, office buildings for business incubation of companies relating to medical device manufacturing, research and development centers, device manufacture plants, general service buildings, industrial exhibition halls and serviced apartments.

As of the Latest Practicable Date, the Wuhan Hi-Tech Medical Devices Business Park is home to approximately 40 companies, including, among others, the Belgium Wallonia Enterprise Service Center (比利時瓦隆州企業服務中心), SCW Medicath Ltd.* (深圳市益心達醫學新技術有限公司), Wuhan Landing Medical Hi-Tech Co. Ltd.* (武漢蘭丁醫學高科技有限

公司), Hubei Osteolink Biomaterial Co., Ltd.* (湖北聯結生物材料有限公司), Wuhan Zoncare Electronics Co., Ltd.* (武漢中旗電子有限責任公司), Wuhan Xinhua Zhongxin Bio Engineering Equipment Co., Ltd.* (武漢新華中欣生物工程設備有限公司), Wuhan Modern Sunshine Technology Development Co., Ltd.* (武漢時代陽光科技發展有限公司), Wuhan Coupling Medicine Technology Co., Ltd.* (武漢耦合醫學科技有限責任公司), Wuhan Cre-Science Scientific Instrument Co., Ltd.* (武漢科信科學儀器有限公司), and Wuhan Gigaa Optronics Technology Co., Ltd.* (武漢博激世紀科技有限公司).

We have been engaged for the development and management of the Wuhan Hi-Tech Medical Devices Business Park (Phase I). The Wuhan Hi-Tech Medical Devices Business Park (Phase I) is designed to occupy a site area of approximately 202,879 sq.m. and a total GFA of approximately 413,475 sq.m. We first entered into an agreement with Wuhan Hi-Tech Holding Group Co., Ltd. (property owner of the business park) and subsequently with Wuhan Hi-Tech Medical Devices Park Co., Ltd. (successor holding the business park). Our pre-negotiated fee is approximately 1.5% of the total investment amount of the project. The owner pays us the fee every quarter. The remaining balance is settled within one month after a final inspection and settlement report is completed.

The construction of the Wuhan Hi-Tech Medical Devices Business Park (Phase I), which comprises eight buildings (including four buildings for research and development, two dormitory buildings, one apartment building and one operation support center), commenced in July 2010 and is expected to be completed by December 2014.

(3) Wuhan Future Technology City (Phase I) (武漢未來科技城一期) – Project under Development

The Wuhan Future Technology City is located in the East Lake Hi-Tech Development Zone. It is designed to provide an integrated, multifunctional platform to state-owned enterprises directly controlled by the PRC Government, the world's top 500 enterprises, well-known Chinese high-technology companies, scientific research institutes and educational institutions for the research and development of technologies in Strategic Emerging Industries of new energy, high-end equipment manufacturing (including optoelectronic devices), energy conservation and environmental protection, new materials, and next-generation information technology. The Wuhan Future Technology City will consist of a central technological service center surrounded by nine business parks with different characteristics and an ecological recreation area. The nine business parks are focused in different areas of research and development, respectively, including, amongst others, optoelectronics research, mobile communication, software development and service outsourcing, aerospace technology and equipment, military and civilian technology, ocean technology, information technology, new energy technology, energy conservation, and environmental protection.

As of the Latest Practicable Date, the Wuhan Future Technology City is home to (i) approximately four development projects (including, among others, the Talent and Enterprise Development Services Center* (人材暨企業服務中心), the Wuhan Xinsi Technology Research and Development Center* (新思科技武漢研發中心), the Huawei Technologies Wuhan Base* (華為武漢基地), and the carbon capture experiment base of U.S.-China Clean Energy Research Center* (中美清潔能源聯合研究中心試驗基地)), (ii) approximately seven scientific research institutes (including, among others, the Wuhan New Energy Research Institute* (武漢新能源研究院), the Wuhan Optical Research Institute* (武漢光電工業技術研究院), the Wuhan Artificial Intelligence Equipment Research Institute* (武漢智能裝備工業技術研究院), the Wuhan Navigation and Location Services Research Institute* (武漢導航與位置服務工業技術研究院), China Electronics New Energy (Wuhan) Research Institute* (中國電子新能源(武漢)研究院), the Kaidi National Key Biomass Energy Laboratory* (凱迪生物質能國家重點實驗室) and Wuhan Geological Resources and Environmental Engineering Research Institute* (武漢地質資源環境工業技術研究院)), and (iii) approximately 100 state-owned enterprises and multinational corporations (including, among others, China Telecommunications Corporation* (中國電信集團公司), China Mobile Communication Co., Ltd.* (中國移動通信有限公司), China United Network Communications Group Co., Ltd.* (中國聯合通信集團有限公司), Huawei Technologies Co., Ltd.* (華為技術有限公司), China Electronics Corporation* (中國電子信息產業集團有限公司) and Synopsys Inc.* (新思科技股份有限公司)).

We have been engaged by the Wuhan Municipal Government for the development and management of the Wuhan Future Technology City (Phase I), one of the priority development projects in Wuhan. The Wuhan Future Technology City (Phase I) is designed to occupy a site area of approximately 400,900 sq.m. and a total GFA of approximately 598,705 sq.m. We entered into an agreement with Wuhan Future City Investment and Construction Co., Ltd. (property owner of the park) in October 2010. Our pre-negotiated fee is approximately 1.5% of the total investment amount of the project. The owner pays us the fee on a monthly basis. The remaining balance is settled within seven business days after a final inspection and settlement report is completed.

The construction of the Wuhan Future Technology City (Phase I), which comprises an exhibition center as well as different sites for research and development, incubation of high-technology companies, residential properties, cultural industry and business supporting, commenced in October 2010 and is expected to be completed by November 2015.

(4) The China Electronics New Energy (Wuhan) Research Institute (中國電子新能源(武漢)研究院) – Project under Development

Wuhan Zhongyuan Electronics Group Company Limited (武漢中原電子集團有限公司) has selected us as the developer and operator of its large-scale business park, the China Electronics New Energy (Wuhan) Research Institute (中國電子新能源(武漢)研究院) in the Wuhan Future Technology City. The business park is designed to occupy a site area of approximately 18,321 sq.m. and a total GFA of approximately 21,002 sq.m.

We have been engaged for the development and management of the China Electronics New Energy (Wuhan) Research Institute (Phase I) in respect of a total planned GFA of approximately 21,002 sq.m. We entered into an agreement with Wuhan Zhongyuan Electronics Group Company Limited (武漢中原電子集團有限公司) (property owner of the park) in October 2012. Our pre-negotiated fee is approximately 2% of the total investment amount of the project. The owner paid us RMB100,000 within seven business days after signing the agreement and will pay us, on a cumulative basis, up to 50% of the total contracted fee by the completion of the project construction. It will pay us further up to 95% of the total contracted fee by the completion of final acceptance and delivery of the project. The owner will retain the remaining 5% of the total contracted fee as a quality assurance deposit until the end of the warranty period.

The construction of the China Electronics New Energy (Wuhan) Research Institute (Phase I), which comprises one office building, five research and development buildings, and supporting facilities (including, among others, a sewage treatment station), commenced in October 2012 and is expected to be completed by October 2014.

Other Residential Projects

(1) Lido Liuyuan (麗島柳園) – Completed Project

We provided development management services for Lido Liuyuan, a residential project owned by local entities. The residential project was in two phases and designed to occupy a total site area of approximately 38,907 sq.m. and a total GFA of approximately 133,959 sq.m.

We entered into an agreement with Hongshan Villagers' Committee (洪山村村民委員會) (property owner of the residential project) in May 2005. Our pre-negotiated fee is approximately 7% of the total investment amount of the project. Up to 80% of the total investment amount was paid, on a cumulative basis, within one week after the completion of the project construction, and the remaining balance was paid within three months after the delivery of the project. Wuhan Lido Property Management has been engaged to provide property operation and management services for the project.

According to the agreement, the construction of Lido Liuyuan, which comprises residential buildings and supporting facilities, commenced in November 2005 and was completed in February 2010.

(2) Lido Mason (Phase I) (麗島美生一期) – Completed Project

We provided development management services for the Lido Mason (Phase I) owned by Wuhan Mason. The residential project was designed to occupy a site area of approximately 36,105 sq.m. and a total GFA of approximately 71,203 sq.m.

Wuhan Mason has agreed to pay us the total contracted fee of RMB6.5 million at a rate of RMB500 per sq.m. by the completion of the project construction. In addition, we also conduct promotion and marketing activities to sell properties in the project and Wuhan Mason has agreed to pay us a fee at 3% of the total investment amount of the project for our sales services.

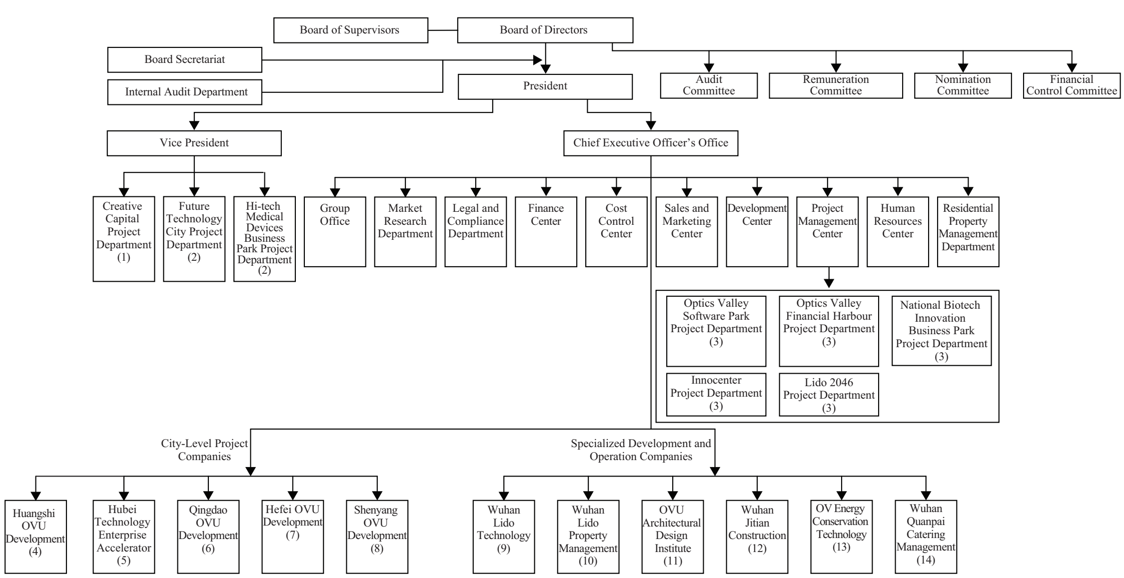
(3) Lido Mason (Phase II) (麗島美生二期) – Project under Development

We have provided development management services for the Lido Mason (Phase II) owned by Wuhan Mason. The residential project is designed to occupy a site area of approximately 36,067 sq.m. and a total GFA of approximately 80,524 sq.m. See the subsection headed "– Our Property Development Projects – Our Residential Projects in Wuhan" in this section for further details on relevant development schedule and the subsection headed "Financial Information – Results of Operations" in this prospectus for further discussion on our turnover from development management services for the project.

PROPERTY DEVELOPMENT

Integrated Management Structure

The following chart sets forth our management and reporting structure:



Notes:

(1) The Creative Capital Project Department, a project-based sub-department under direct supervision of our vice president, has been established to manage the development and operation of the Creative Capital.

(2) The Future Technology City Project Department and the Medical Devices Business Park Project Department, two project-based sub-departments under direct supervision of our deputy chief executive officer, have been established to manage the development management services for the Wuhan Future Technology City (Phase I) and the Wuhan Hi-Tech Medical Devices Business Park (Phase I).

(3) These are five project-based sub-departments established under direct supervision of the project management center to manage the development and operation of the Optics Valley Software Park, the Optics Valley Financial Harbour, the Wuhan National Biotech Innovation Business Park (Phase I), the Wuhan Innocenter, and the Lido 2046, respectively.

(4) Hubei Technology Enterprise Accelerator, a city-level project company in Ezhou, manages the development and operation of the Ezhou OVU Science and Technology City.

(5) Huangshi OVU Development, a city-level project company in Huangshi, manages the development and operation of the Huangshi OVU Science and Technology City and the Lido Top View.

(6) Qingdao OVU Development, a city-level project company in Qingdao, manages the development and operation of the Qingdao Optics Valley Software Park, the Qingdao Innocenter, and the Qingdao Marine & Science Park.

(7) Hefei OVU Development, a city-level project company in Hefei, will manage the development and operation of the Hefei Financial Harbour.

(8) Shenyang OVU Development, a city-level project company in Shenyang, manages the development and operation of the Shenyang Financial Harbour.

(9) Wuhan Lido Technology provides construction services for decorating and improving building external parts and interior fitting-out areas in our business parks and property developments owned by third parties, manufactures and installs construction components, and provides fitting-out services to our customers.

(10) Wuhan Lido Property Management and its subsidiaries provide property operation and management services in our business parks and property developments owned by third parties, including restaurants, canteens, security, property sanitation, infrastructure management, maintenance of common facilities, gardening and landscaping.

(11) OVU Architectural Design Institute facilitates project conceptual planning and design process, prepares core concepts and master planning for our business parks, and develops product innovation plans.

(12) Wuhan Jitian Construction undertakes a significant majority of construction work of our projects.

(13) OV Energy Conservation Technology and its subsidiary, OV Energy Conservation Engineering, provide our customers with energy supply services provided by district power systems, lighting services, engineering technical services and other services improving efficiency of energy use in our business parks.

(14) Wuhan Quanpai Catering Management provides hotel management and catering services.

We have adopted a three-tier management system comprising (i) the Board of Directors, (ii) senior management at our headquarters, and (iii) senior management at our city-level project companies.

Our Headquarters in Wuhan

We have established ten functional centers and departments in Wuhan Optics Valley Union which is our headquarters in Wuhan. Our President's office (總裁辦公會) oversees daily operations of the ten centers and departments which are mainly responsible for managing all aspects of our property development and operation in Wuhan (including business park and residential projects).

For our own business park projects, and the third party projects for which we provide development management services in Wuhan, we have established five project-based sub-departments under direct supervision of the project management center to manage the development and operation of the Optics Valley Software Park, the Optics Valley Financial Harbour, the Wuhan National Biotech Innovation Business Park (Phase I), the Wuhan Innocenter, and the Lido 2046, as well as three project-based sub-departments under direct supervision of our deputy chief executive officer to manage the development and operation of the Creative Capital, the Wuhan Future Technology City (Phase I) and the Wuhan Hi-Tech Medical Devices Business Park (Phase I).

Our Specialized Development and Service Companies

We have also established seven specialized development and service companies which provide our headquarters and project companies with specialized services in relation to property development and operation. See the chart above for the description of main functions of major specialized development and service companies.

Our City-level Project Companies outside of Wuhan

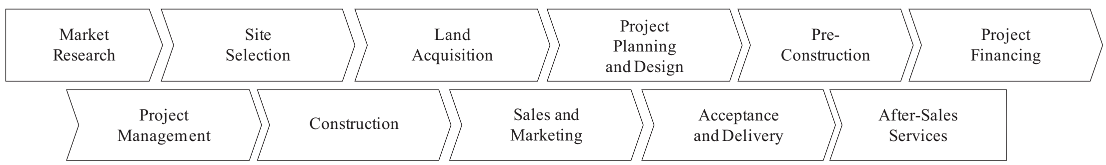
For our projects outside of Wuhan, we have established five city-level project companies which manage and operate property developments in Qingdao, Shenyang, Huangshi, Ezhou and Hefei, respectively. Our headquarters and our city-level project companies work closely on projects outside of Wuhan. After we establish a city-level project company, our headquarters provide personnel to assist such project company to establish functional departments and the development process in the target city. When the property development is on track, our headquarters support such project company in the development process of the project, including construction, procurement and quality control. The local project company generally oversees day-to-day operations of the development, including the management of the project and the project company's financial and administrative matters.

Our management system ensures a direct reporting line between our city-level project companies and specialized development and service companies, on the one hand, and our senior management and Board of Directors, on the other hand, which enhances overall internal control of our Group. With such system in place, we have improved our work efficiency and strengthened our management of property developments outside of Wuhan.

Business Park Development Process

We are primarily engaged in the development and operation of large-scale, multi-theme business parks in China targeting multinational corporations and small- to mid-sized fast growing companies. Although each project development is customized for specific conditions of the location and designed in accordance with the requirements of relevant local authorities, industry standards and individual customers, a standard process typically consists of the core stages as illustrated in the chart below. Our standardized development process enables us to improve our operational efficiency, optimize use of our capacities and resources, enhance our bargaining power with suppliers and construction contractors, and facilitate sharing of resources and expertise in design, construction, sales and marketing across various projects within our business.

The following chart sets forth our business park development process:



Market Research

Our market research department conducts research with a focus on three key areas: macro-economic government incentive policies (such as the Catalog for the Guidance of Industrial Structure Adjustment) and local economic and industrial development plans in our target cities. We further proactively conduct industrial analyses on three major areas: (i) restructuring and upgrading of traditional industries (such as transition from traditional retail sales industry to electronic commerce industry, as well as upgrading of automotive part manufacture industry and construction material manufacture industry), (ii) Strategic Emerging Industries, and (iii) innovative industries (including, among others, electronic commerce, cloud computing, the Internet and information security). Based on the research results, we identify and evaluate a range of cities and sites in the PRC for potential business park development opportunities, taking into consideration a number of factors, including but not limited to:

- size, population, economic incentive policies, development plan, economic growth potential and other competitive advantages of the city or region concerned;
- local regulatory environments and policies;
- resources required for local industrial developments;
- anticipated supply and demand for business parks in such city or region;
- availability of future land supply and land prices for new business parks;
- local industry structure and business environment;
- availability of suitable enterprises and talent reserve; and
- overall competitive landscape of business park development and our competitors' activities.

Site Selection

Our market research department, development center and financial management department are primarily involved in the city and site selection process. We collect relevant information regarding the potential development sites for target industries to evaluate estimated risk and return of the investment. We generally focus on the selection of sizeable land sites in our target cities only when our criteria are met in four areas: (i) competitive advantages and economic growths of our target cities, (ii) trends of local industrial development, (iii) resources required for such development, and (iv) availability of land reserve for new business parks.

As a next step, we draw up an initial project development blueprint and conduct a preliminary feasibility study. If we are satisfied with the result of the feasibility study, we continue with our due diligence investigations and site visits to understand in-depth whether the site has development potential and is suitable for, in terms of area and conditions, for large-scale, integrated business parks. In some of our target cities, we also actively communicate with local governmental authorities to better understand their incentive policies and development plans for the site and target industries. Some local governments also provide us with incentives and invite us to develop business parks focusing on certain emerging, fast-growing industries in their economic development zones.

Our market research department, development center and financial management department then prepare a detailed project design and investment return analysis. Based on the feasibility study and the analysis, our management determines whether or not to enter such city and select the relevant site. After their approval, we further assess and evaluate growth potential of the target city, the development site and optimal positioning of the business park to be developed in such site. We then establish and commence a business park project.

Land Acquisition

Project Framework, Cooperation or Investment Agreements

We have entered into cooperation or investment agreements with local governments in Qingdao, Huangshi, Ezhou, Hefei and Shenyang, in which terms of land acquisition such as size and location of land site, acquisition plan in phases and development plan in phases are specified. Local governments provide us with incentives in relation to various aspects of the relevant projects, such as transfer of land use rights, pre-sales, infrastructure fee waivers and demolition of existing construction. Our Board authorizes us to acquire the relevant land site subject to a purchase price ceiling. We then establish a standardized development process for the relevant project.

Direct Acquisition and Other Acquisitions

Our development center collaborates with our project companies to acquire land for development through direct acquisition from the PRC Government by way of public tender, auction or listing-for-sale for land use rights in accordance with the provisions on grant of land use right through public tender, auction and listing-for-sale procedures (《招標拍賣掛牌出讓國有土地使用權規定》), promulgated on May 9, 2002 and becoming effective since July 1, 2002 and the provisions for grant of state-owned construction land use right through public tender, auction and listing-for-sale procedures (《招標拍賣掛牌出讓國有建設用地使用權規定》) promulgated on September 28, 2007 and becoming effective since November 1, 2007. During the Track Record Period and up to December 31, 2013, we obtained most of our land through the listing-for-sale process in accordance with the requirements under PRC laws and regulations. See the subsection headed "Regulations – Laws and Regulations Relating to Real Estate Development – Development of a Real Estate Project" in this prospectus for further details of applicable PRC laws and regulations.

Our development center and project companies may also obtain land in the PRC through (i) acquisition of equity interests of companies that hold relevant land use rights or (ii) establishing joint ventures with other property developers for land acquisition. During the Track Record Period and up to December 31, 2013, we obtained land use rights in respect of (1) the Romatic Town through the acquisition of the equity interest in the holding company, Wuhan Xuefu, from its other shareholders, (2) the Optics Valley Software Park (Phase VI) through the acquisition of the equity interests in the holding company, the Optics Valley Software Park, from an Independent Third Party, (3) the Wuhan Innocenter through the acquisition of the equity interest in the holding company, Wuhan Minghong, and (4) the Lido Mason through acquisition of the equity interest in the holding company, Wuhan Mason.

We expect to maintain sufficient land reserves to meet our growth and development requirements for the next three to five years. As of December 31, 2013, we had approximately 1,059,967 sq.m. of the total GFA under development and approximately 5,379,162 sq.m. of the total GFA planned for future development.

Land Acquisition in relation to the Hefei Financial Harbour Project

(1) Summary of the Hefei Project Contracts

Under the project investment agreement that we entered into with the Hefei local government on January 10, 2013 in relation to the Hefei Financial Harbour project, we agreed to use our best efforts to attract companies to establish their businesses in the business park, and in the event that the aggregate amount of taxes derived from the companies resident in the business park is less than RMB250.0 million for a certain time period after the construction commencement date of the project, we are required to pay such shortfall to the relevant tax authorities. After we won the bidding for land use rights in respect of the Hefei Financial Harbour in August 2013, we entered into the state-owned land use rights grant contract (the "Hefei Land Grant Contract", and together with the Hefei Project Investment Agreement (defined below), the "Hefei Project Contracts") with Hefei Municipal Land Resources Bureau on September 2, 2013 which included land grant standard provisions, a minimum tax guarantee clause and other relevant requirements. The Hefei local government is the responsible authority which implements the relevant minimum tax guarantee clause and monitors our performance of obligations under the Hefei Land Grant Contract. Furthermore, we entered into a memorandum of understanding (together with the project investment agreement, the "Hefei Project Investment Agreement") with the Hefei local government on November 4,2013 to define and clarify thescope of taxes and relevant procedures in relation to the minimum tax guarantee. As advised by our PRC legal advisors, Jingtian & Gongcheng, (i) the memorandum of understanding is legally binding and enforceable under applicable PRC laws and regulations; (ii) if there is any inconsistency between terms of the project investment agreement and those of the memorandum of understanding, the latter supersedes the former; (iii) the clauses in the memorandum of understanding relating to the minimum tax guarantee apply when the Hefei local government implements the relevant clauses and monitors our performance of obligations under the Hefei Project Contracts; and (iv) with respect to the terms of the project investment agreement which have not been amended in the Hefei Land Grant Contract and the memorandum of understanding, such terms remain legally valid and binding under PRC laws.

Pursuant to the terms of the Hefei Project Investment Agreement, the parties both agreed that, for purposes of determining our performance and obligations relating to the RMB250.0 million taxes, (i) the amount of taxes shall be the aggregate cumulative tax payables from the companies resident in the business park that accumulate from the construction commencement date of the project until the end of the eighth year thereafter (by way of example, if construction of the project commences in 2014, the aggregate cumulative tax payables should accumulate from the construction commencement date until the end of 2021), (ii) the companies resident in the business park shall consist of (A) the third-party entities which are attracted to establish their businesses in the Hefei Financial Harbour and have established their operations there, (B) the wholly-owned, controlled and jointly-controlled entities of our Group which have established their operations in the business park, and (C) the entities which are attracted and intend to establish their businesses in the business park and have maintained their registered addresses there, but have operated temporarily outside of the business park due to various business reasons, (iii) taxes used for calculation of the aggregate cumulative tax payables shall be agreed between the parties before the fifth year after the construction commencement date of the project and include, among others, PRC enterprise income tax, business tax and surcharges, VAT, stamp duty, deed tax, property tax, LAT and withholding personal income taxes of the companies resident in the business park, (iv) after the construction commencement date of the project, the Hefei local government shall calculate the annual taxes paid by the companies resident in the business park each year and notify us of the result in writing by the end of February in the next year, (v) the Hefei local government shall calculate the aggregate cumulative tax payables in the ninth year after the construction commencement date of the project and notify us in writing of any shortfall, and the parties will agree on the payment arrangement (such as in installments) and schedule that will not interrupt our ongoing business, and (vi) in the event that we fail to pay any shortfall within a prescribed time limit, we should pay a penalty at a rate of 0.1% of the shortfall per day.

Under the terms of the Hefei Land Grant Contract, the relevant PRC authorities also require us to secure at least two large financial back-office services companies or their branch offices, at least ten medium or small-sized financial back-office services companies or their branch offices and at least 40 financial outsourcing companies, software development companies, E-commerce companies, business services companies and other agency companies relating to industrial development to establish their businesses in the Hefei Financial Harbour project (the "Customer Mix Requirement"). According to the Hefei Land Grant Contract, there is no specific time limitation as to when the Customer Mix Requirement must be met. In the event that we fail to meet the Customer Mix Requirement in the Hefei project, we will be required to pay a penalty at the rate of RMB1.5 million per mu (畝) and as the site area of the Hefei project is approximately 171.65 mu, the total penalty that may be imposed on us will be approximately RMB257.5 million. In addition, under the terms of the Hefei Land Grant Contract, without any time limitation, the relevant PRC authorities require that the completed developments in the Hefei project should comply with the first-grade green building (綠色建築) requirement (the "Green Building Requirement") in respect of the conservation of energy, water and construction materials, indoor and outdoor environment quality, and development operation. In the event that we fail to meet the Green Building Requirement in the Hefei project, we will be required to pay a penalty at the rate of RMB1.5 million per mu (畝) and the total penalty that may be imposed on us will be approximately RMB257.5 million.

With respect to the Customer Mix Requirement, our Directors are of the view that we are able to mitigate the potential default risk due to the following reasons: First, pursuant to the terms of the project investment agreement dated January 10, 2013, the Hefei local government is obliged to provide the Group with incentives in relation to various aspects of the development of the Hefei project, including but not limited to using its best efforts to assist us to meet the Customer Mix Requirement.

Moreover, based on our project experience, we were able to procure approximately 74 companies resident in the Optics Valley Financial Harbour (Phases I and II) by the end of 2012 and approximately 129 companies resident in these two completed projects by the end of 2013. Our Directors believe that the customer composition of our two completed projects would have easily satisfied the lower threshold of the Customer Mix Requirement in the Hefei project. In addition, we had invited customers of large corporations, banks and financial institutions in our existing business parks to conduct on-site visits to the Hefei project. Some of these customers intend to establish their businesses in Hefei and have expressed their strong interests to purchase properties in our Hefei project.

With respect to the Green Building Requirement, our Directors are of the view that we will be able to meet this requirement based on our accumulated industry knowledge, development capabilities and operational expertise in business park development. Our Group will have no difficulty in undertaking project planning, design and development of the Hefei project in accordance with the Green Building Requirement as the design and development process will be strictly controlled and managed by our Group.

Based on the above, our Directors are confident that our Group will be able to successfully develop the Hefei project and that the potential default risk is to be very remote in terms of such requirements.

Furthermore, our ultimate controlling shareholder, Mr. Huang Liping, has undertaken to indemnify us against any penalties, claims or losses as a result of our inability to meet the Customer Mix Requirement or the Green Building Requirement as stipulated in the Hefei Land Grant Contract.

(2) Reasons for the Hefei Financial Harbour Project

We have entered into the Hefei Project Contracts as part of our strategic plan to expand our business in Hefei where we believe we will benefit from customer demand for business parks there due to the significant potentials for economic growth and urban development as well as the growth and business innovation of SMEs there. In addition, we plan to develop the Hefei Financial Harbour by focusing on the industries of financial back-office services and information technology, which are among the industries promoted by the Hefei local government. A number of large state-owned banks and financial institutions have recently established their presence in the Hefei Binhu New District. According to Devott, Hefei is also one of the top ten cities in China whose outsourcing industry will experience the most rapid growth. Furthermore, the Hefei local government has formulated the strict policy of land management and, when granting land parcels in relation to large-scale developments for industrial and commercial uses, it generally imposes the requirements for project development schedules and financial performance of companies resident in these large-scale developments.

(3) Financial Analyses in relation to the Minimum Tax Guarantee

In accordance with the general practice of property developers in the PRC, our management has conducted the following work to assess feasibility of the project at the planning stage and considered implications of the minimum tax guarantee clause:

- ***Internal calculations and estimations.*** Our internal calculations and estimations of the key variables (such as land premiums to be paid, present value of total land costs, deferred payment of deemed land cost portion (explained below) and estimated construction costs) in relation to the underlying land parcel are based on reasonable assumptions. We have also compared these calculations and estimations with the fair market value of the land parcel in its existing state as of the relevant dates which the independent property valuer, Savills Valuation, had provided, during the land acquisition process (including before we entered into the project investment agreement with the Hefei local government in January 2013, when we participated in the public tender, auction and listing-for-sale process in August 2013 and subsequently before we entered into the Hefei Land Grant Contract).

- ***Further financial analyses.*** Based on the historical construction costs of our completed projects (particularly the financial harbour type of business park projects, such as the Optics Valley Financial Harbour (Phases I)), we estimated the average construction costs per sq.m. to be incurred for the development of the project. Moreover, based on the historical purchase prices and turnover of comparable properties in business parks in the Hefei Binhu New District in the past three years, we estimated the ASP of GFA expected to be sold in the Hefei Financial Harbour. We further estimated the turnover from sales of planned saleable properties in this project based on reasonable assumptions and compared it to the fair market value of the project as if completed as of the relevant date. Considering the minimum tax guarantee as deemed land cost of the project, we further estimated the gross profit margin of the project and found it within the range of gross profit margin for sales of properties in our completed projects during the Track Record Period.

Based on recent land transactions in the Hefei Binhu New District where the Hefei project is located, Savills has confirmed that the Hefei local government had imposed minimum tax guarantee or similar requirements on other property developers in relation to the granting of land parcels in that district. In order to ensure the successful development of the Hefei Binhu New District, the Hefei local government selects property developers with requisite qualifications, a broad customer base and adequate development experience and requires them to attract companies to establish their businesses there. Savills also conducted further surveys and investigations on recent land transactions in respect of major new high-technology or economic development zones in our other target cities and did not find such minimum tax guarantee or similar requirements on property developers. As a result, Savills is of the view that the minimum tax guarantee requirement imposed on us in Hefei is not an industry norm in the PRC commercial business park market. Based on the research results provided by Savills, we believe that the minimum tax guarantee of RMB250 million under the Hefei Project Contracts is lower than the similar requirements imposed by the Hefei local government on other property developers in relation to the recent land transactions in the Hefei Binhu New District.

Based on the above, our ongoing discussions with relevant Hefei government officials, the historical results of operations of our completed projects and the research results from Savills on the recent land transactions of comparable properties in the Hefei Binhu New District, as well as on the basis of the accounting treatment of the minimum tax guarantee as deemed land cost, our Directors are confident that the Hefei Financial Harbour project will be reasonably profitable as compared to our completed projects during the Track Record Period.

(4) Accounting Treatment of the Minimum Tax Guarantee

The land bidding process of public tender, auction and listing-for-sale ("招拍掛") for land use rights in respect of the Hefei Financial Harbour project was conducted in August 2013. After winning the bidding, we entered into the Hefei Land Grant Contract with the Hefei Municipal Land Resources Bureau on September 2, 2013 and the land parcel was delivered to us on October 2, 2013. Accordingly, the consideration, including the tax guarantee amount, was included as a commitment in our balance sheet information as of September 30, 2013. See the subsection headed "Financial Information – Capital Expenditures and Commitments – Contractual Commitments" in this prospectus for further discussion.

We had duly considered implications of the minimum tax guarantee clause when assessing the feasibility of the Hefei project at the planning stage. Our Directors, based on their best estimates under reasonable assumptions and ongoing discussions with relevant Hefei government officials, have considered that it is probable that such clause would result in an outflow of economic benefits of RMB250 million in the eighth year after the construction commencement date of the project. In accordance with the relevant requirements under IAS37, we have accrued for the possible obligation of RMB250 million as part of the project costs when the underlying land parcel was delivered to us on October 2, 2013 in accordance with the Hefei Land Grant Contract. On the other hand, the total costs for the Hefei Financial Harbour project (including land cost, construction costs and other direct attributable costs) will be recorded under the "property under development" account. Upon project completion, the total costs will be transferred to the "completed properties held for sale" account. Thereafter, the costs will be charged to the profit or loss account when the property is sold and the related revenue is recognized. Such accounting treatment is consistent with our accounting policies on property development and revenue recognition. Our reporting accountants, KPMG, would consider our accounting treatment thereon when auditing our financial statements.

(5) Measures to Minimize Our Potential Liabilities and Exposure

Our management has implemented a series of measures to minimize our potential liabilities and exposure in relation to the Hefei Project Contracts. We have identified leading banks, financial institutions and enterprises operating in the industries promoted by the Hefei local government, which have consistently demonstrated records of solid financial performance, as our potential customers. We have proactively tracked and analyzed these potential customers with regard to their needs for business spaces and operating environments in business parks. We plan to offer competitive terms to attract these enterprises to establish their head offices and business operations in the Hefei Financial Harbour project.

In addition, we invite our customers of large corporations, banks and financial institutions in our existing business parks, with which we have established long-term strategic relationship, to visit the Hefei project on-site. Some of these customers intend to establish their businesses in Hefei and to enter into customization agreements with us. Furthermore, when we enter into relevant agreements with the customers, we will request to include a tax target provision and provide the customers with certain incentives for meeting the relevant tax targets within prescribed time limits. We will give the customers certain discounts to their property purchase prices in proportion to the percentages of the respective tax targets they meet within prescribed time limits and provide them with business operation services and special amenities in the business park.

Furthermore, we plan to strengthen our internal control measures on cash flow management and further establish a financial control committee that comprises Mr. Huang Liping, Mr. Wang Yuancheng and Ms. Huang Min. Members of the committee should have considerable experience in financial management and business strategies. They will hold regular meetings each year to assess the sufficiency of internal funds to meet the relevant obligations, obtain the standby banking facilities where necessary, discuss further our potential risks and exposure level, evaluate sufficiency of the existing measures in place to minimize such risks, and formulate new business strategies and follow-up measures where appropriate. After the Listing, we plan to disclose in our annual report each year the progress update of implementation of our internal control measures in relation to the minimum tax guarantee under the Hefei Project Contracts.

Project Planning and Design

Our development center and OVU Architectural Design Institute prepare project conceptual planning and design, and formulate the core concepts and master planning for the business park even before we acquire relevant land. Once the master design concept of a project is established, we work closely with leading domestic and international architecture and design firms to transform the concept into a more detailed design drawing. We select such firms for each project through a competitive bidding process. We normally take into account their proposed design concepts, professional reputations for innovation and quality, fee proposal, and service quality.

Once a project starts, we undertake project planning and prepare the general design of a business park in accordance with the general characteristics, industrial standards and construction requirements of the companies in relevant industries. With respect to customized properties, we further work closely with and guide our customers to improve the project design and customized features of business parks from the general design of the business park in accordance with individual customers' business needs and preferred design architectural style. At the end of such process, we finalize the design drawing with our customers and our development center then submits it to relevant governmental authorities for approval. Once approved, the design drawing becomes the basis of the project. With respect to ready-built properties, customers are not involved in the project design phase in relation to business park development.

Before our sales and marketing center enters into customization agreement with customers, it actively engages our development center, OVU Architectural Design Institute and other departments in several meetings to ensure that demands and preferences of our customers can be reflected and addressed in project design and implemented in construction phase. After we decide on the optimal project design plan and practical solutions to implement such plan, we enter into customization agreements with customers. Our customers typically pay initial payments at certain percentages of the purchase prices at signing of the customization agreements. With respect to ready-built properties, we do not enter into any customization agreements with customers. With respect to both types of properties, our sales and marketing center enters into formal purchase agreements with our customers, once we obtain requisite permits for pre-sale or sale of properties later.

Pre-Construction

Before we commence construction, we must first obtain grant of the development rights to the land and necessary permits and certificates. Before we commence construction of a business park development, we must obtain the construction land planning permit (建設用地規劃許可證), the construction work planning permit (建設工程規劃許可證) and the construction works commencement permit (建築工程施工許可證) (which will only be issued after the land use rights certificate (國有土地使用權證), the construction land planning permit and the construction work planning permit are obtained). See the subsection headed "Regulations – Laws and Regulations Relating to Real Estate Development – Development of a Real Estate Project" in this prospectus for further details of these certificates and permits.

During the Track Record Period, save as disclosed in this prospectus, we did not experience any significant delays in obtaining the aforesaid certificates and permits.

Project Financing

Our policy is to finance our business park developments through internal funds to the extent practicable to reduce the level of external funding required. We typically use internally generated funding (including progress payments for customized developments and pre-sale proceeds), capital contributions from investors, and external capital from financial institutions (including bank borrowings) to finance our developments.

We are subject to many of the PRC government restrictions on property developers. According to the guidelines issued by the CBRC in August 30, 2004, no bank loan may be granted to projects for which property developers have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and construction works commencement permit. On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratio of Fixed Assets Investment Project (國務院關於調整固定資產投資項目資本金比例的通知). The notice provides that the minimum capital requirement for affordable housing and ordinary commodity apartments are 20%, and the minimum capital requirement for other real estate development projects is 30%.

As of January 31, 2014, the Latest Indebtedness Date, we had total bank borrowings of RMB2,990.8 million.

Project Management

Our Project Management Center

Our project management center has established a centralized management model, formulates relevant policies and standards, as well as inspects, supervises and evaluates the implementations of policies and standards by project-based sub-departments in Wuhan and project companies outside of Wuhan. It consists of the engineering management department, the engineering technology department, the design management department, and the construction supporting department.

The engineering management department reviews milestone plans prepared by project-based sub-departments and supervises and evaluates construction progress in relation to business park developments. It also organizes, monitors and supervises the regular weekly and monthly project inspection on quality and safety of our developments. The engineering management department also ensures that each construction phase is completed according to the milestone plan and the construction quality meets relevant standards and requirements.

The engineering technology department formulates engineering and technical standards, provides technical guidance on daily operations of our developments, approves major project technical solutions and subsequent changes, as well as conducts research in new materials and technologies.

The design management department collects feedback from our customers, various functional centers as well as construction contractors, organizes and coordinates regarding changes to project design, and provides input to our development center to optimize design drawings. It also organizes construction contractors to implement design changes.

Coordinating with project-based sub-departments in Wuhan, the construction supporting department applies to relevant governmental authorities for requisite approvals and permits for our development projects. During our development process, it coordinates our work regarding and provides support for the connection and installation of power supply systems, natural gas, water supply, voice communications, the Internet and cable television.

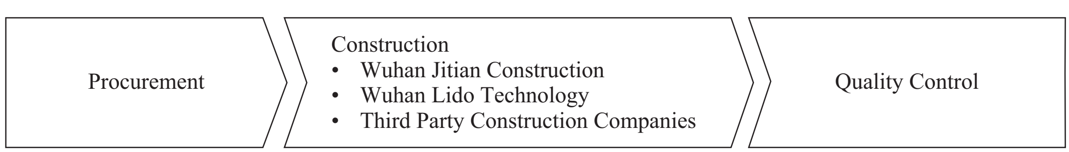
Our Cost Control Center

Our cost control center prepares a target cost plan at the beginning of each project and determines the entire project cost and itemized cost breakdown. Through monthly cost audits, the center also examines implementation of construction agreements and monitors the cost of our projects.

Based on the audit results, the center determines monthly progress payments for the construction work and prepares a cost schedule. It also organizes other functional centers and departments to negotiate with construction contractors to settle outstanding balances upon completion of a project. In addition, the center examines final payments and coordinates regarding the completion of quality warranties procedures.

Construction

The following diagram illustrates the typical construction process for our projects:



Our Own Construction

Our specialized development and service company, Wuhan Jitian Construction, undertakes a portion of construction work of our projects. Wuhan Lido Technology has strong capacities in external and interior decoration work and undertakes such work for external parts of buildings and interior decoration and fitting-out for building public areas within our business parks.

Appointment of Contractors

(1) Appointment Procedures in General

We outsource a significant majority of the construction work to third-party construction contractors. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the amounts paid to third-party construction contractors accounted for approximately 94.2%, 74.2%, 72.2% and 69.9% of our total cost of sales for the same periods, respectively. During the Track Record Period, we engaged more than 200 contractors, each of which has been working with us for a period ranging from one to twenty-four months.

Our cost control center prepares tendering documents and organizes tendering meetings. The center selects construction contractors through a competitive bidding process and normally invites at least three of them for bidding. Our cost control center evaluates bids from construction contractors and determines the winning bid. We have established a set of selection procedure for our construction contractors to ensure that they meet our quality and workmanship standards. We consider a contractor's track record, past performance, reputation for reliability, quality, safety, references, proposed delivery schedule and cost estimate in our selection process. We seek to maintain our construction costs at a reasonable level without compromising our quality.

In addition, under relevant PRC laws and regulations, construction contractors must have obtained construction qualification certificates for certain types of construction work before they carry out such types of construction work. We also check and confirm classes of qualifications with respect to each contractor as part of our due diligence process. Afterwards, our cost control center organizes negotiation with construction contractors on tendered construction work. Our contractors are not allowed to subcontract or assign their agreements with us to any third party without our consent.

(2) Summary of Contractual Terms

The contracts we enter into with construction contractors typically contain warranties with respect to construction quality in accordance with relevant requirements and project progress schedules. In the event of any delay in construction or unsatisfactory quality of workmanship, we may require construction companies to bear the costs of rectifying any construction defects and pay penalties or provide us with other remedies.

We make payments to construction contractors in accordance with agreed progress milestones under agreements. In a given project, we typically make a non-refundable initial payment not more than 20% of the contract price after entering into an agreement. We make the monthly progress payment to contractors, generally 65% of the construction work completed in the previous month, or according to an agreed milestone schedule, up to a cumulative 85% of the total contract price. After a local governmental authority completes a final inspection and issues a certificate of completion as well as our acceptance of the project after our final audit, we pay an additional 10%, bringing the cumulative payments to 95% of the final contact price. We retain the remaining amount of the total contract price as a retention payment until the end of the warranty period in accordance with the PRC laws and regulations.

The total amount of fees paid to our contractors for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 was approximately RMB605 million, RMB1,842 million, RMB1,865 million and RMB1,536 million, respectively.

During the Track Record Period, we were not subject to any penalty, material claim, or direct loss resulting from unsatisfactory construction work performed by Wuhan Jitian Construction or third-party contractors or from construction delays.

Quality Control

(1) Quality Control Procedures and Measures

Quality is our top priority and we have placed a great emphasis on quality control to ensure that we deliver top quality developments to our customers in compliance with relevant rules and regulations. Our various functional centers have established standard quality control procedures. We have implemented standard technical guidelines to ensure that the project development in each phase complies with relevant laws, regulations and other compulsory standards from PRC governmental authorities and industry associations.

We closely monitor all construction processes. The inspection teams of our project management center conduct regular weekly and monthly inspections as well as random ad-hoc inspections on each project to ensure that our construction quality and safety control comply with our technical guidelines, all relevant laws and regulations as well as industry standards.

Our strict quality control measures ensure we and our contractors comply with relevant rules and regulations, including environmental, labor, social and safety regulations, and thereby minimize our risks and liabilities. During the Track Record Period, we were not involved in any dispute with any construction contractors, nor were there any case of material personal injury or death involving our group companies or construction contractors that had a material and adverse effect on our business.

(2) Engagement of Construction Supervision Companies

We engage third party construction supervision companies to monitor certain aspects of our project construction. We select certified construction supervision companies through a competitive bidding process, after we have checked and confirmed their qualifications. These companies conduct quality and safety control checks on all building materials and construction workmanship on site. They also monitor construction progress in accordance with project completion schedules.

For a given project, we pay a construction supervision company based on a negotiated percentage of the total GFA specified in the approved construction drawings or the project investment amount depending on the actual arrangements. We typically make progress payments to the construction supervision company in accordance with the milestone schedule, up to 95% of the total contract price. We settle the remaining balance within one week after a final inspection and settlement report is completed, or in some cases, retain the remaining amount of the total contract price as a retention payment until the end of the warranty period.

Procurement

(1) Procurement Management in General

Our construction companies (such as Wuhan Jitian Construction and third party construction contractors) procure general construction materials and equipment used in our projects in accordance with specifications in the project design plans. The total contract price payable by us in construction contracts includes both contractor fees and costs of raw materials. Construction contractors are required to absorb the fluctuation of raw material prices, labor costs and other similar items so that we are able to control potential risks and our exposure to the volatility in prices of raw materials. In the event that the market prices of raw materials exceed a certain range of the estimated prices as stipulated in the relevant construction contracts, the payment for procured raw materials should be increased by an amount generally equal to the product of quantity of procured raw materials, the price difference and an agreed adjusting number.

To standardize the procurement process and control relevant costs, Wuhan Jitian Construction has developed the raw material procurement policy. Accordingly, raw materials are classified into four categories: (i) the type A raw materials (such as cement, steel and insulation materials) are centrally managed and procured by its procurement department through a competitive bidding process or direct negotiation with suppliers, (ii) the type B raw materials (such as pipe and cable) are procured by its project management department based on relevant agreements with reference to relevant limits of price and quantity, (iii) the type C raw materials (such as sand, gravel and brick) are procured by its project management department with the requirement of specific brands and manufacturers, and (iv) spare parts (such as small hardware and tools) are procured by its project management department. Each month, the project management department prepares procurement plans and coordinates regarding delivery of raw materials. Wuhan Jitian Construction has also established the standard procedures in respect of inspection of and payment for raw materials upon delivery as well as monthly physical count of inventory. In respect of any procurement over RMB10,000, a written agreement that meets relevant legal standards and requirements under PRC laws is required.

In addition, our cost control center manages our centralized procurement of elevators and building exterior tiles. We generally make an initial payment of 5% of the purchase price after signing of a procurement agreement. We then notify the manufacturer to commence production 60 days before the agreed delivery date and make a second payment of 15% of the purchase price. We make a further payment of 60% of the purchase price 30 days before the delivery date. After the raw materials are delivered to us and passed our inspection, the manufacturer gives us a one-year quality warranty covering 5% of the purchase price and we pay the remaining 20% of the purchase price. Our specialized development and service companies, such as Wuhan Lido Technology, manufacture and supply external and interior decoration components (such as windows, doors, interior fixtures and curtain wall components).

We maintain strict quality control procedures for selection, inspection and testing of construction materials and equipment. Our project management center and project-based sub-departments inspect all equipment and materials to ensure compliance with the contractual specifications before they accept deliveries on site and approve payments. We reject and return to the suppliers any substandard materials or materials that do not comply with our specifications.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the percentage of cost attributable to our five largest suppliers was 20.3%, 6.2%, 12.5% and 8.8%, respectively, and the percentage of cost attributable to our largest supplier was 6.2%, 1.7%, 3.2% and 2.1%, respectively. To the best knowledge of our Directors, none of our Directors, their associates or any of our shareholders holding more than 5% of our issued capital, had any interests in any of our five largest suppliers during the Track Record Period.

(2) Measures to Mitigate Impacts from Fluctuation of Raw Material Prices

Our management has implemented a series of measures to mitigate impacts from fluctuation of raw material prices. We outsource a significant majority of the construction work to third-party construction contractors that are generally required to absorb the fluctuation of raw material prices, labor costs and other similar items under construction contracts. In addition, our cost control center monitors the cost of our projects, manages monthly progress payments for the construction work and prepares a cost schedule. After completion of a project, our cost control center prepares a summary of development costs and compares actual costs against our project budget. Moreover, our management team actively coordinates with our sales and marketing center, cost control center and finance center at our headquarters level in Wuhan and city-level project companies outside Wuhan with the aim of passing on any significant increase in cost of raw materials to our customers.

Sales and Marketing

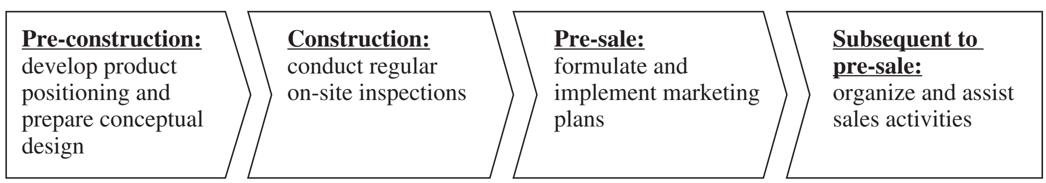
Marketing

Our sales force includes our sales and marketing center at our headquarters level in Wuhan and local sales and marketing personnel based in project companies outside of Wuhan. As of December 31, 2013, our sales and marketing center in our headquarters consists of the enterprise planning department, the business investment departments I, II and III, the sales management department and the customer relations department. We have approximately 70 sales and marketing personnel who have on average two to three years of experience in business park development.

The enterprise planning department is mainly responsible for matters relating to customer orientation, product strategies, publicity and promotion as well as brand building. The business investment departments I and II cover sales and marketing of business parks and residential properties. The business investment department III provides sales support to each project development including business park positioning, merchandising, marketing and promotion. The sales management department is responsible for sales planning, pricing, contract management, training organization and records management.

Because of our customer-oriented business model and our strong focus on meeting customers' individualized demands, our sales and marketing center provides valuable input regarding integration of architecture and functionality, maximization of space efficiency, balance between particular customers' requirements for customized development and the general development schedules of relevant business parks, exterior building decoration for customers' corporate image and business needs, promotion of our company logo, and addition of certain ancillary services. It coordinates with other functional centers and departments throughout our development process.

The following diagram illustrates the key functions of our sales and marketing center during our development process:



Subsequent to our land acquisitions, our sales and marketing center participates in developing the optimal positioning and conceptual design of our projects, which helps to ensure that the designs of our business parks meet preferences and demands of our target customers. During the construction process, our sales and marketing center conducts regular on-site inspections to ensure landscaping, floor plans, fittings and decoration standards are accurately reflected in marketing materials.

Before we launch pre-sales of a project, our sales and marketing center conducts extensive market surveys and detailed analyses of market conditions, collects information on our target customers, and formulates marketing strategies and pricing policies. We prepare a sales implementation plan, a sales milestone plan, an incentive policy and a media publicity plan with respect to each project. We participate in business investment events promoted by local governmental authorities and industry associations for the development of a broad customer base. We also organize prospective purchasers to visit properties and answer their questions.

Throughout the pre-sale and sale periods, our sales and marketing center organizes on-site sales activities, provides comprehensive assistance to our customers and coordinates with relevant centers and departments to address customers' demands. Once we obtain requisite permits for pre-sale or sale of properties, our sales and marketing center enters into formal purchase agreements with customers. After signing of agreements, we make filings, prepare payment collection plans and collect payments. We also solicit feedback on our products and services from customers and prepare modifications or remedial plans if necessary.

Pre-sale

(1) Our Pre-sale Procedures

Consistent with the market practice and in accordance with the PRC laws and regulations, we pre-sell our business parks when conditions for pre-sales have been satisfied prior to the completion of projects or certain project phases. Various PRC laws and regulations governing pre-sale of properties impose conditions to be fulfilled before any pre-sale of our business parks can commence. These conditions include obtaining pre-sale permit and other relevant certificates and permits, land premium being paid in full and other requirements.

We use standard formal purchase agreements for pre-sales as prescribed by local governmental authorities in relevant cities. With respect to customized developments, our customers mainly make progress payments according to the agreed milestone schedules in customization agreements. Our customers who purchase pre-sale business parks generally pay earnest money deposit upon signing of standard formal purchase agreements for pre-sales and further outstanding balances of the purchase prices within six to eight months thereafter. We file all formal purchase agreements for pre-sales with local land bureaus and local real estate administrative authorities within 30 days of entering into such agreements. During the Track Record Period and up to December 31, 2013, we complied with all the relevant pre-sales rules and regulations imposed by the relevant governmental authorities.

(2) Local Governmental Policies on Pre-sale

Some local governments have not provided the policies allowing pre-sales of properties in respect of business park projects. According to the local general practice in Qingdao, no pre-sale permit has been issued in respect of development on land parcels for industrial use. Our business park projects in Qingdao have been subject to such local general practice and may require more upfront development expenditures. As at the Latest Practicable Date, our completed projects, projects under development, projects planned for future development and potential development projects in respect of Qingdao, including the Qingdao Optics Valley Software Park, the Qingdao Marine & Science Park and the Qingdao Innocenter, had a total site area of 1,549,646 sq.m. and a total GFA of 3,470,897 sq.m., accounting for approximately 24.5% and 25.2% of those for all our projects as of that date, respectively.

We completed the Qingdao Optics Valley Software Park (Phase I – 1.1 and 1.5) with a total GFA of 80,664 sq.m. as of December 31, 2013. As the project is located in the center of the West Coast Economic Development Zone, we will provide certain office space in the project for demonstration to potential customers and cooperate with the Qingdao local government to attract them to establish their businesses in our new business park projects in Qingdao. Moreover, we have entered into customization agreements with customers in relation to properties in our project under development, the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4), and receive progress payments in cash from them according to the agreed milestone schedules. There are no applicable PRC and local rules and regulations specifically regulating such kinds of customization agreements, and our legal advisors, Jingtian & Gongcheng, are of the opinion that according to the PRC Contract Law and the relevant judicial interpretations and judicial precedents of the Supreme People's Court of the PRC, the customization agreements are legally binding and enforceable against contractual parties. For the three months ended December 31, 2013, the contracted sales of the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4 and 1.5) were RMB219.7 million, which was attributable to the contracted saleable GFA of 34,964 sq.m., or approximately 26.1% of the saleable GFA of the project. See the subsection headed "Summary – Recent Developments" in this prospectus for further discussion. As many of our customers are generally high quality corporate entities with proven records of solid financial performance, they typically do not use mortgage loans to finance their property purchases and we generally request cash payments from them under relevant agreements. Based on the historical results of operations, the management's experience, our business strategies and our expansion plan, our Directors are of view that the local general practice in Qingdao did not have any material operational and financial impact on our business during the Track Record Period.

Furthermore, our management is in the process of implementing a series of measures to minimize the effects of the local governmental policy in Qingdao on our cash flow generated from property development. We will continue to enter into customization agreements with customers to sell properties in our business park projects in Qingdao and receive progress payments in cash from them in an early stage of the development process. Moreover, we will proactively track and analyze leading enterprises operating in the industries promoted by the Qingdao local government, which have consistently demonstrated records of solid financial performance, with regard to their relevant needs and offer them with competitive terms to attract them to establish their businesses in our business parks in Qingdao. We expect that these enterprises can easily meet our payment arrangements and schedules with respect to customized properties in Qingdao. Based on the above, our Directors are of the view that the local governmental policy in Qingdao will not have a material operational and financial impact on our business going forward.

Our PRC legal advisors, Jingtian & Gongcheng, have advised us that the local general practice in Qingdao, which does not allow issuing of pre-sale permits in respect of developments on land parcels for industrial use, is not applicable nationwide in the PRC. When we enter into project framework, cooperation or investment agreements with local governments in our other target cities, we generally require the explicit conditions that local governmental policies allow us to receive payments in respect of customized development and to conduct pre-sales of properties for business park development projects. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – We require substantial capital resources to acquire land and develop our projects and are subject to market demand and policy changes" in this prospectus for further discussion.

Payment Arrangement

(1) General Arrangements

Before we enter into a formal purchase agreement, we typically require a customer to pay a non-refundable initial payment of approximately RMB100,000 to RMB500,000, which will be forfeited if the customer defaults. Upon signing of the purchase agreement, the customer is required to pay not less than 50% of the purchase price with the remaining balance of purchase prices to be paid within twelve months.

Some of our customers elect to pay the remaining balances in cash. Our customers can also pay us by mortgage loan drawdown in accordance with the prevailing bank mortgage practices in the PRC. If the customers choose to fund their purchases with mortgage loans from banks, it is their responsibility to apply for and obtain relevant mortgage approvals, although we will assist to provide requisite information to the banks as part of our sales efforts. In this case, they are required to pay a non-refundable down payment of not less than 50% of the purchase price upon signing of the purchase agreement. The remainder of the purchase price is normally to be paid by the mortgagee bank within one to three months, depending on the approval process of relevant mortgagee bank. Any adjustment to the purchase prices due to differences between the GFA sold and the measured area of the sold property is made before delivery of such property to the customers. The property delivery date is postponed upon any delay in payment of the purchase price. Under the relevant PRC laws and regulations, our customers may obtain mortgage loans up to a maximum of 50% of the purchase prices with repayment periods of up to 10 years. In addition, in the event that the mortgagee bank is not able to pay the outstanding balance of the purchase price in full, these customers must pay to us the portions not to be paid by the mortgagee bank within five working days upon receipt of our payment notice.

(2) Control Measures for Customers' Breaches

As of the Latest Practicable Date, we had the total payments of RMB559.5 million from our customers under the relevant customization and formal purchase agreements in effect, and the aggregate contract prices of these agreements were RMB1,212.5 million.

We have effectively reduced the potential risks relating to contract termination by our customers through stipulation of the responsibilities and obligations of the customers in the relevant agreements. Pursuant to the terms of these agreements, the customers are required to make initial payments and progress payments. In the event that our customers breach these agreements and decide not to proceed with completion of the property sales transactions, we are entitled to forfeit the initial payments and request their compensation for our actual losses. In addition, progress payments are generally made before commencement of the relevant construction work and sufficient to cover construction costs, costs of raw materials and labor, and other expenses. If the customers are unable to make progress payments on time, they are liable for fines calculated based on the number of days during which such payments remain unpaid after the agreed payment date.

Moreover, we have also managed the risks associated with contract termination by reselling the relevant properties upon contract breaches. Our customers do not have titles to the relevant properties until after the final acceptance and delivery procedures are completed and they have made all the required payments. Before completion of the relevant projects, we have the right to elect to terminate the agreements and sell the relevant properties to new customers when the delays in payment exceed certain number of days. In the case that the customers who have paid a portion of the purchase prices with the remaining balances to be settled through mortgage loans breach the relevant agreements, we are entitled to terminate these agreements, resell the properties and claim for penalty. In addition, because we have developed properties of our projects in a more mature and advanced stage with well-developed infrastructure and supporting facilities, there have been significant demands for the properties of our business parks in our target cities. We believe that the likelihood for us to sustain any damage in reselling the properties with respect to which customers have defaulted in payments is insignificant.

Furthermore, we have implemented a series of measures to mitigate any negative impact on our business due to contract termination. Before we enter into relevant agreements with customers, our Group's legal and compliance department, development center, project management center and finance center at our headquarters in Wuhan must review and approve all the terms.

As our customers are generally high quality corporate entities with established credit history, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material event of termination of sales contracts, nor did we experience any significant loss in reselling the properties of our projects. Based on the historical information and our management's experience, our Directors are of the view that breaches of relevant agreements by customers were insignificant and will not have any material operational and financial impact on our business.

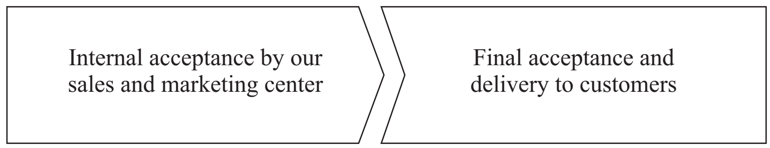
(3) Our Guarantees to Mortgages Banks for Pre-sales

We have entered into framework agreements with certain banks for guarantees of mortgage loans provided to customers of our pre-sold properties. Under the guarantees, we are required to guarantee timely repayments of principal and interest of the loans by our customers. As a guarantor, we are jointly responsible for mortgage payments. Such guarantees are released upon the earlier of (i) relevant property ownership certificates being delivered to the customer, and (ii) final settlement of mortgage loan between mortgagee banks and the customer. In line with market practice, we do not conduct independent credit checks on our customers but just rely on the credit checks conducted by the mortgagee banks.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our outstanding guarantees on mortgage loans by our customers of our pre-sold properties amounted to RMB207.6 million, RMB236.3 million, RMB453.4 million and RMB277.9 million, respectively. During the Track Record Period, we did not encounter mortgage loan defaults by our customers with respect to which mortgagee banks require us to honor our guarantee obligations. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – We provide guarantees for mortgages taken out by our customers and if a significant number of these guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected" in this prospectus for further details.

Acceptance and Delivery

The following diagram illustrates the two-step procedure for our final acceptance and delivery:



Internal Acceptance by Our Sales and Marketing Center

Upon completion of a project, our project management center conducts inspections to make sure the development meets specifications under the approved project design plan and is in accordance with industrial standards and construction requirements. The center organizes and coordinates with other functional centers and departments to carry out our procedures for internal acceptance of the development. Our sales and marketing center accepts the development after it confirms that the business park is in satisfactory conditions.

Final Acceptance and Delivery to Customers

We aim to deliver high-quality developments and satisfactory purchasing experiences to our customers. After the internal acceptance of the development, our sales and marketing center arranges for our customers to inspect the development. When our customers need to make any modification of outlooks and internal functions of the customized development for their business demands, our sales and marketing center coordinates with our functional centers and departments to make rectifications and changes accordingly and conduct further inspection prior to delivery to our customers. Afterwards, we notify our customers and arrange for a final delivery. When we deliver the customized development to our customers, we also deliver them building quality guarantee certificates.

After-sales Services

After the final delivery to our customers, we assist our customers to obtain the property ownership certificates and provide all requisite information to local authorities for registration. In addition, our sales and marketing center is responsible for collecting and analyzing customer data to identify the latest market trends in customer preferences. It also conducts customer satisfaction surveys to help improve our product positioning, project design, marketing strategies, and quality of our business park operation services.

Relationship with Local Governments

We have developed long-standing relationships with local governments as we develop and operate large-scale, theme-focused business parks in our target cities.

Relationship in relation to Business Park Development

Before we enter our target cities, we conduct in-depth analyses on local government policies as well as local industrial and urban development plans, taking into account other considerations, so as to identify our target cities with suitable land sites where we are able to leverage our competitive strengths and develop our major types of business parks. In some of our target cities, we actively communicate with local governments to better understand their incentive policies and promoted industries. Oftentimes local governmental officials make initial evaluations as to whether our business model, development capabilities, operational expertise and management team meet their criteria before they enter into relevant agreements with us. In addition, some other local governments proactively provide us with certain incentives and invite us to develop business parks in their cities focusing on their promoted industries because of our reputation, track record and operational expertise in the PRC business park development sector. In some of our target cities (Qingdao, Huangshi, Ezhou, Hefei and Shenyang), we have entered into project framework, cooperation or investment agreements with local governments and received incentives and benefits from them in relation to various aspects of the development of our projects there.

Our PRC legal advisors, Jingtian & Gongcheng, have advised us that we and local governments have entered into the project framework, cooperation or investment agreements with the mutual intents to define and clarify the contractual rights and obligations under the development plan of relevant business park projects in line with local development plans, and accordingly the terms of these agreements are legally binding and enforceable under the applicable PRC laws and regulations. In addition, under the terms of these agreements and the relevant PRC laws and regulations, we are required to meet relevant requirements and complete requisite procedures (including, but not limited to, making timely public tender, completing public auction procedure to obtain the land use rights, entering into formal land grant contracts with competent land authorities, and paying requisite land premiums in full in a timely manner under the terms of land grant contracts) in relation to land acquisition and construction before the relevant authorities grant relevant qualifications and issue land use rights certificates and construction permits to us. Our PRC legal advisors, Jingtian & Gongcheng, have further advised us that under the terms of these agreements, we are entitled to request the local governments to facilitate the relevant land grant procedures, assist us in project development and provide us with specified incentives when we meet relevant requirements and complete requisite procedures.

During the development of our business park projects, we work closely with local governments to ensure that our business parks are fully supported by them and meet requirements from local enterprises in the industries promoted by them. Our business parks have played a significant role in assisting local governments in our target cities where we have operations to achieve their policy initiatives to upgrade local industry structures, promote the development and business innovation of SMEs and start-up companies, enhance and improve city functions, and transform the locations of these business parks and their surrounding areas into new city centers.

After completion of our business park projects, we cooperate with local governments to attract leading enterprises, SMEs and start-up companies in the industries promoted by the local government to establish their businesses in our business parks. We also provide certain office space for the local governments, where necessary, to conduct relevant marketing events and promotion activities.

In addition, as part of our strategic plan, we provide, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them, such as the Wuhan National Biotech Innovation Business Park (Phase 1), the Wuhan Hi-Tech Medical Devices Business Park (Phase I) and the Wuhan Future Technology City. Our management team also meets regularly with relevant local governmental officials to discuss industrial development planning, policy initiatives, project development progress as well as promotion strategies to attract enterprises to establish their businesses in our business parks. We have also assisted local governments in some of our target cities on industrial development and related policy matters.

Benefits to Our Businesses

Because our business parks are in line with local development plans and have contributed, or are expected to contribute, significantly to the upgrading of local industrial structures and the growth of local economies, relevant local governments often provide us with incentives and benefits in relation to various aspects of the development of our projects there.

- ***Government grant***. Local governments generally grant us waivers of infrastructure fees and administrative fees, which helps us to reduce development costs. They also provide us subsidies based on the taxes derived from companies resident in our business parks and these subsidies have become additional income for our businesses. Furthermore, local governments provide grants and subsidies to some companies for the purchase or leasing of properties and the establishment of their businesses in our business parks, taking into account whether our business parks focus on the key priority in local governmental policy as well as the industry ranking and operation scale of these companies and estimated taxes to be derived from them. This has strengthened the competitive edges of our business parks and helped attract more leading enterprises operating in the industries promoted by local governments to establish their businesses in our business parks.

- ***Fiscal subsidies***. In accordance with the national government policy, the companies in Strategic Emerging Industries in our business parks are given fiscal subsidies. The local governments have discretion to provide fiscal subsidies to these companies resident in our business parks based on the tax proceeds derived from these companies. The local governments also have discretion to provide fiscal subsidies to the management personnel and senior technical professionals of these companies resident in our business parks based on the tax proceeds derived from these personnel in respect of their personal income.

- ***Business opportunities.*** After completion of our business park projects, relevant local governments have assisted us in our efforts to attract potential customers to establish businesses in our business parks. Furthermore, through the development management services we provide to local governments and leading enterprises for landmark or other large-scale business parks owned by them, we have enhanced our brand recognition in the business park development sector and gained access to information on the enterprises in their business parks, which may be attractive potential customers for our existing or future business parks.

- ***Preferential measures for land acquisition and development***. In Qingdao, Huangshi, Ezhou, Hefei and Shenyang, we have entered into project framework, cooperation or investment agreements with local governments and they have provided us with incentives in relation to various aspects of the development of our projects there, such as promoting our projects as priority development projects, reduced time for obtaining construction approvals and permits, and demolition of existing construction, which give us competitive advantages in terms of development and locations of sizeable land sites we have acquired in our target cities.

In addition, we have established a long-standing strategic relationship with Hubei Science & Technology Investment which became our substantial shareholder five year ago. As a state-owned entity, Hubei Science & Technology has played an important role in facilitating our communication and cultivating strong relationships with relevant governmental authorities. It has also helped us establish beneficial relationships with some of our strategic partners and premium customers.

Replication of Our Business Model

The replication of our business model in our target cities depends on a series of factors, including, among others, the levels of local economic development, local governmental policies and support, the development phases of local industries, market demand for our business parks, types of business parks to be developed and their development cycles, property markets trends and regulatory practices. In particular, our Directors have considered the following factors, among others, with respect to our expansion plan:

- ***Market demand for our business parks.*** Based on the historical results of operations of our projects as well as local governmental policies and support in our target cities, our Directors are of the view that there is and will continue to be significant market demands for business parks in our target cities.

- ***Our sustainable growth.*** We believe that we will continue to maintain sustainable growth primarily due to strong governmental support, trend of industry clustering in relation to business park development, rising selling and rental prices of office space in core urban areas of our target cities, and growth of the PRC outsourcing industry.

- ***Profitability.*** The commercial business park markets in Qingdao, Shenyang, Hefei, Huangshi and Ezhou are in an early stage of growth with a relatively low level of competition. Based on our accumulated industry knowledge, business park development capabilities and operational expertise, as well as local governmental policies and support, we have identified and developed the types of business parks for which there are significant demands in our target cities. Customers in Qingdao are willing to pay relatively high prices for properties in our business park which are developed in a mature and advanced development stage. In Ezhou, we have developed the technology city type of business park which has a relatively short period of development cycle spanning from land acquisition to generation of turnover in the business park.

- ***Risk profile.*** In addition to the above factors, the levels of local economic development, the development phases of local industries, property markets trends regulatory practices and other uncertainties could affect our ability to replicate our business models in our target cities. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – Our profitability and operating results may be affected by the effectiveness of our business model and our ability to replicate such business model for our expansion in China" in this prospectus for further discussion.

Further to the above and after due inquiry, our Directors are of the view that we have been able to and expects to continue to replicate our business model without any material change in its profitability or risk profile in our other cities outside Wuhan. We continuously monitor the operating and financial performance of our projects and endeavor to further enhance our standardized development procedures and products so that we will able to replicate our business model in new developments in our target cities according to our expansion plan.

Customized Development

Development Process

Customized development is a unique aspect of our business park development. Through our marketing campaigns, we meet with prospective customers to understand their construction requirements and business demands in respect of customized developments. After we enter into customization agreements with them, our development center, OVU Architectural Design Institute, sales and marketing center, and other departments work together to ensure that demands and preferences of our customers can be reflected and addressed in the project design. Before we finalize the design drawings with our customers, we ensure that our customers' specifications and actual conditions of the developments are in compliance with the general characteristics and project design of the business parks where such developments are located. The development cycle of a customized property generally depends on size, type and height of the relevant property and conditions of the PRC and local property markets. The average development period for customized properties of low rise buildings is generally eight months to one year whereas the average development period for customized properties of high rise buildings is generally two to three years.

Some customers designate special onsite teams to monitor construction progress in each phase of their customized developments. We meet with such special teams regularly to monitor the construction progress, construction quality, implementation of the project design and potential issues affecting construction progress.

Key Terms of Customization Agreements

Customization agreements that we have entered into with our customers generally contain the following terms:

- ***Purchase price***: The purchase price equals the GFA times the ASP;

- ***GFA***: The purchase price is adjusted accordingly if there is any difference between the actual measured GFA after completion of the development and the estimated GFA before signing of the agreement;

- ***Initial payment***:

    - With respect to customized developments in Wuhan, customers make initial payments of approximately 20% of the purchase prices within five business days after signing of customization agreements; and

    - With respect to customized developments in Qingdao, customers make initial payments in certain amounts at signing of customization agreements;

- ***Progress payments***: Our customers make progress payments according to milestone schedules in the agreements.

    - With respect to customized developments in Wuhan, customers pay approximately 20% of the purchase prices after completion of the building foundation work, pay another 20% of the purchase prices after completion of the construction work, and enter into the formal purchase agreements with us and pay the remaining balance of the purchase prices within five business days after pre-sale permits are issued; and

    - With respect to customized developments in Qingdao, customers pay approximately 80% of the purchase prices within ten business days after the customization agreements become effective, and pay the remaining balance of the purchase prices within seven business days before acceptance and delivery of the properties;

- ***Delivery of property***: The properties must be delivered to customers by agreed deadlines; customers are responsible for all charges and expenses; and we generally provide customers relevant documents for transfer of property ownership within 360 days after the full payment of purchase prices; and

- ***Breach***: We are liable for penalty as a result of failure to deliver the property to customers, and customers are liable for penalty as a result of failure to make the full payment of purchase prices. If we breach and terminate an agreement, we are liable to pay to the customer certain penalties and refund the customer all the other relevant payments. If the customer breaches and terminates the agreement, its initial payment shall be forfeited. Before completion of the relevant properties, if the customer's delay in payment exceeds certain number of days, we have the right to elect to terminate the agreements.

Our customers do not have titles to the relevant properties until after the final acceptance and delivery procedures are completed and they have made all the required payments and obtained the relevant ownership certificates. In the case that we elect to terminate the agreements after the customers' delay in payment exceeds certain number of days, we have the right to sell the relevant properties to new customers.

Certain construction drawings approved by customers, construction specifications and requirements, and acceptance standards are also stipulated in the customization agreements. Our sales and marketing center enters into formal purchase agreements with customers once we obtain requisite permits for pre-sale or sale of properties.

Comparison to Ready-built Properties

As of December 31, 2013, we had 11 completed business park projects and five business park projects under development. Save for the Optics Valley Software Park (Phases II and V) and the Optics Valley Financial Harbour (Phases I and II), the properties in other business park projects generally consist of ready-built properties. Ready-built properties generally have common features and meet certain industrial standards and construction quality requirements for customers in certain industries. Customized properties in business parks are equipped with well-developed infrastructure and industry-specific supporting facilities meeting the particular requirements for customers' business operations. We enter into relevant customization agreements with customers in respect of customized properties.

The summary below sets forth the main differences between ready-built properties and customized properties:

- ***Customers' participation***. With respect to customized properties in our business parks, customers are involved throughout the entire development process (from project design to completion of construction). With respect to ready-built properties, we design and develop these properties in a business park in accordance with the general characteristics, industrial standards and construction requirements of the companies in relevant industries.

- ***Payment arrangement***. With respect to customized properties, we generally enter into relevant customization agreements with customers at the beginning of the development process and the customers mainly make progress payments according to the agreed milestone schedules in these agreements. With respect to ready-built properties, we generally enter into standard formal purchase agreements with customers as prescribed by local governmental authorities in relevant cities, once we obtain requisite permits for pre-sale or sale of relevant properties.

Customized properties in our business parks generally consist of above-ground buildings, in respect of which we have property ownership certificates, and underground car parking spaces, in respect of which before July 1, 2013, we only had entitlements to use according to the local general practice in Wuhan. See the subsection headed "Financial Information – Results of Operations – Description of Certain Income Statement Items – Turnover – Property Development – Car Parking Spaces" in this prospectus for further discussion. During the Track Record Period, when we entered into customization agreements with customers, the ASP of each part of customized properties was clearly stipulated. Once we obtained requisite permits for pre-sale or sale of properties, we further entered into formal purchase agreements with customers, pursuant to the terms of which the ASP of customized properties was recalculated only based on the saleable GFA of above-ground buildings but excluding the non-saleable GFA of underground car parking spaces.

Our PRC legal advisors, Jingtian & Gongcheng, are of the opinion that because there are no applicable PRC and local rules and regulations specifically regulating the payment terms of customization agreements, and in accordance with the PRC Contract Law, contractual parties of customization agreements have right to negotiate and determine the payment arrangements (including, among others, initial payments, progress payments and payment schedules) by themselves, the payment terms of customization agreements do not violate the current PRC laws and regulations governing sales of properties.

Residential Property Development Process

We have developed three residential projects in Wuhan and one residential project in Huangshi generally in proximity to and complement our respective business park developments in these cities so as to develop our large-scale developments with a fully-functional living environment (產城一體). The standardized development process of residential projects is substantially similar to that of business park projects and the core stages typically include site selection, land acquisition, project planning and design, pre-construction, project management, construction (including, among others, procurement and quality control), sales and marketing, acceptance and delivery and after-sales services. The development cycle of a residential property generally depends on size, type and height of the relevant property and conditions of the PRC and local property markets, and the average period of the development process of residential properties is generally one to two years. With respect to the market research on potential residential projects, unlike business park projects, we generally focus on those projects which are in proximity to and complement our business parks so as to form large-scale developments and further to be developed into new city centers in line with local urban development plans. We pre-sell residential properties and enter into relevant agreements with customers, consistent with the market practice and in accordance with the PRC laws and regulations. See the subsection headed "– Property Development – Business Park Development Process" in this section for detailed discussion and illustration.

Information Technology System

With rapid growth of our development projects outside of Wuhan, we commenced implementation of an integrated office automation system (the "OA System") in early 2012. We have established a data center and completed the deployment of the OA System for our headquarters in Wuhan, our project companies in Qingdao, Shenyang, Huangshi and Ezhou, and our specialized development and service companies (such as Wuhan Lido Technology and Wuhan Lido Property Management). We have designated personnel to operate, maintain and support the data center and the OA System.

Through implementation of the OA System, our headquarters are able to control and manage the development processes outside of Wuhan and collaborate with the project companies. We can also standardize our examination and approval procedures and improve our work efficiency. In addition, we can monitor the cost status and monthly progress result of each project and the comprehensive score of relevant project companies.

The OA system integrates our financials, cost control and marketing systems and provides security of our business information. We have fully implemented financial management modules for our general ledger, financial statements, fixed assets and cash management. The OA System has also enabled us to reduce our system hardware and maintenance expenses for project companies outside of Wuhan.

BUSINESS OPERATION SERVICES

Our strong capacities and significant experience in delivering a wide range of business operation services have enabled us to provide our customers with the benefits that are much broader in scope than what typical property developers and professional property service providers can offer. These services are also essential to the operation of business parks. With our services, our customers have saved their time and efforts and reduced their costs in business operations so that they are able to stay focused on running their businesses. Our business operation services which have enhanced the value and attractiveness of our business parks as well as customer loyalty include the following:

Property Management

Wuhan Lido Property Management provides property management services, formulates management procedures and prepares property maintenance and renovation plans. Its customers include Chinese blue-chip enterprises such as China Mobile (中國移動). Wuhan Lido Property Management conducts its operations in strict compliance with the standards of ISO9001:2008 quality management system, ISO028001 occupational health and safety management system and ISO14001:2004 environmental management system and obtained certifications for our systems.

Wuhan Lido Property Management typically enters into property management agreements with customers in our business parks and third party property developments. The agreements set forth scope and quality requirements of our services as well as payment arrangements of management fees, which are generally determined with reference to prevailing market prices. The amount of fees payable by each customer depends on the GFA of their properties under management. Depending on the types of agreements, our property management companies issue monthly or quarterly invoices and the management fees are generally settled on a monthly or quarterly basis.

Centralized Energy Supply Systems and Services

OV Energy Conservation Technology provides our customers with centralized heating, cooling and hot water supply services as well as other services including engineering and designing of energy supply systems and energy conservation solutions. We have completed the construction of three energy supply stations with a total designed energy supply coverage area of 850,000 sq.m., which provide electricity for the Optics Valley Software Park (Phase V) and the Optics Valley Financial Harbour. We are currently constructing an additional energy supply station for the Optics Valley Financial Harbour. We plan to construct additional energy supply stations for our other business park projects (such as the Energy Conservation Technology Park).

Human Resources and Training Services

We organize large-scale job fairs jointly with our customers every spring and autumn to meet their particular recruitment needs. We also provide our customers with recruitment services through third party service companies and training services through cooperation with well-known professional training companies.

Group Catering

Wuhan Quanpai Catering Management provides our customers with a wide variety of group meals and business meals for their employees.

Property Agency

Wuhan Real Property Agency assists our customers holding investment properties to lease out these properties. It also assists SMEs to locate suitable spaces in our business parks for leasing. When we provide leasing services to these customers, our sales and marketing center also proactively approach their management teams so as to develop them as potential customers for our new business parks.

Advertising Agency

Wuhan Qianbao Media provides our customers with advertisement planning and design, sales promotion, and media agency services.

Services for Employees of Our Customers

We provide orientation trainings and living assistance programs to employees of our customers, and assist them to complete household registrations and obtain individual residence permits. We also organize special events such as business fairs, call center training, job fairs, match-making events, wedding ceremonies and sports games.

Government Liaison and Professional Consultation Services

We generally assist our customers to obtain their business registrations and tax registrations. We also assist science and technology companies in our business parks to make patent applications as well as applications of technology innovation funds and provide our customers with assistance on legal and accounting matters.

We work with third party financial and investment service companies to provide our customers with the services including microfinance, corporate banking, property valuation, telecommunications and business translation. These third party service companies also provide our customers with quality control services and certification services regarding product quality and safety of production processes.

OUR DEVELOPMENT MANAGEMENT SERVICES FOR THIRD PARTY BUSINESS PARK AND RESIDENTIAL PROJECTS

As part of our strategic plan, we provide development management services for business parks owned by local governments and private enterprises. Our services primarily cover the business park development process. We generally select projects on the condition that such projects do not over-commit our manpower and other resources to such an extent that the progress and quality of our own projects are adversely affected, and will not become competitive against our business parks. Through our development management services for business parks owned by third parties, without any significant capital expenditure on our parts, we have gained significant expertise and strengthened our capabilities in development and operation of business parks of large scale or with themes of industries with respect to which we do not have prior experience and expertise. Furthermore, we have enhanced our brand recognition and brand value in the business park development sector. We have developed long-standing relationships with local governments and enterprises and established a broader customer base. In addition, we also provide development management services for residential projects owned by local entities and Wuhan Mason (we own a 50% equity interest in the company). We have received recurring financial returns from these projects, including service fee, consultation fees, payment for decoration work and curtain wall engineering, and property management fees.

Underlying Legal Relationship

Agent Acting on behalf of the Owner

We as agent enter into an agreement with an owner for each project. We control all aspects of the project within scope of our delegated authorities under the agreement and the owner's directions. We organize and implement construction work throughout all phases of the project including: selecting the design plan and control investment based on cost-benefit analysis and feasibility study, setting up construction cost management system and procedures, preparing and submitting project capital planning for the owner's approval, establishing various procurement management procedures, reviewing construction progress payments, inspecting construction equipment and materials, and requesting the contractor to rectify any non-compliance with respect to design requirements and national quality standard. We also file plans to relevant governmental authorities for approval, conduct final inspection and acceptance of property, deliver completed property, and enforce the relevant warranty period.

Our services are generally offered for a fixed and pre-negotiated fee. Under certain agreements, we also earn bonus payments if the construction is completed ahead of schedule or the actual cost is less than the estimated budget. We generally pay the owners 5% of the total contract prices as performance bonds before signing the agreements.

Owner-Agent-Contractor Tripartite Relationship

We outsource construction work in different phases to third party construction contractors and procure materials, equipment and systems from third party suppliers. Generally three parties are involved with respect to such outsourcing and procurement activities, namely, owner of the project, our Company as agent and either a construction contractor or a supplier. To ensure that each construction work is delivered on time in accordance with relevant requirements and standards and all procurements are in high quality at reasonable costs, we usually invite contractors to participate in a tender process.

After the contractor or supplier wins the bid for the tendered work, we organize the three parties to enter into a tripartite agreement. The contractor shall carry out construction work meeting specified standards and provide warranties for different parts of the construction work. The owner has the ownership in the project and shall bear all legal consequences while we as agent may enforce specific performance of the contractor or supplier in accordance with the agreement. The owner is also legally obligated to make payments to the contractor or supplier. The tripartite agreement typically consists of a fixed price part and an adjustable cost part. The fixed price part generally includes fees and expenses which can be determined at the time of signing the agreement. Other costs of materials such as steel, cable and painting materials can be adjusted later from a tentative price schedule according to fluctuations of market prices.

The owner generally pays, on a monthly basis, each contractor 70% of the progress payment for the corresponding construction work completed in the previous month. After the construction work is inspected and accepted by the owner and us upon completion, the contractor will be paid an addition amount within a month to ensure that it receives up to 85% of the total contract price on a cumulative basis. After the owner completes the audit and confirms the final price, it makes payments up to 95% of the total contract price on a cumulative basis. Final inspection and acceptance of each project is generally carried out in stages pursuant to approved construction drawings and completed within 30 days. The remaining 5% of the total contract price is generally retained until the end of the warranty period as a quality assurance deposit to cover any potential expenses incurred as a result of any construction defects. The contractor is liable for contract breach when it fails to complete the construction work by a pre-determined deadline or if the owner does not accept the construction work upon completion.

OUR CONSTRUCTION CONTRACT BUSINESS

Wuhan Lido Technology and its subsidiaries, our specialized development and service companies, have strong capacities in decorating and improving building external parts and interior areas. They provide construction services to customers in our business parks and property developments owned by third parties. In addition, they manufacture and install construction components, and provide fitting-out services to our customers. Such services have generated recurring income for our business.

OUR PROPERTY LEASING BUSINESS

Overview

We currently hold certain investment properties in Wuhan which generate recurring lease income for us and consist of: (i) a portion of two apartment buildings and a shop unit in the Optics Valley Software Park (Phases III-IV), (ii) an apartment building in the Optics Valley Financial Harbour (Phase I), (iii) a shop unit (unit 202) in the Romantic Town, (iv) clubhouse and supporting facilities in the Lido Garden (麗島花園), (v) office properties (levels one to three) in the North Harbour Business Park (北港工業園), and (vi) shopping malls and sports facilities in the Lido Top View. We plan to increase our holdings of supporting facilities (such as canteens, apartments and hotels) in our business parks as investment properties which provide supporting services to our customers and generate recurring income for us. In addition, we intend to increase our holdings of office properties in our business parks which are suitable for general business uses.

The table below sets forth a summary of our investment properties as of December 31, 2013.

Project	Portion of Phases III and VI of Optics Valley Software Park	Portion of Phase I of Optics Valley Financial Harbour	Unit 202, Romantic Town	Levels 1 to 3, North Harbour Business Park	Levels 2 to 3, North Harbour Business Park	Portion of Lido Garden	Portion of Lido Top View
Type of the Properties	Dormitory and Retail	Dormitory and Retail	Retail	Office	Office	Clubhouse and Retail	Retail
Total GFA *(sq.m.)*	19,437	4,561	392	2,298	1,661	6,922	15,462
Leasable GFA *(sq.m.)*	19,437	4,561	392	2,298	1,661	6,922	15,462
Leased GFA *(sq.m.)*	19,437	2,163	392	2,298	603	5,000	7,941
Occupancy Rate	100.0%	47.4%	100.0%	100.0%	36.3%	72.2%	51.4%
Rental Income during the Track Record Period and up to December 31, 2013 *(RMB'000)*	**8,718**	**855**	**1,255**	**2,589**	**1,987**	**2,313**	**13,919**
Range of Lease Terms	From 2005 to 2015	From 2011 to 2015	From 2011 to 2021	From 2013 to 2018	From 2012 to 2013	From 2010 to 2015	From 2007 to 2019
Market Value *(RMB million)*	61.9	26.9	3.5	13.2	9.9	35.3	147.5
Attributable Market Value *(RMB million)*	61.9	26.9	1.785	13.2	9.9	35.3	147.5
Property Number Adopted in the Property Valuation Report	31	32	33	34	35	36	37

Lease Terms

Lease terms for office spaces in our business parks generally range from two to five years, depending on various factors such as terms of leases, demand for specific properties and operating history and reputations of particular tenants. Our leases are generally for terms of 24 to 36 months with an average monthly rent from approximately RMB10.0 to RMB43.0 per sq.m. Rents are typically determined based on prevailing market rates and other factors such as terms of leases and tenants' profiles. We typically require security deposits of approximately three to six months' rent. In addition, we also lease residential properties in proximity to our business parks to employees of our customers with terms of approximately 24 months and an average monthly rent from approximately RMB8.8 to RMB60.0 per sq.m.

Our tenants generally enter into fixed term lease agreements with us. Under certain leases, they are offered a right of first refusal to renew the lease or to purchase the property on the same terms as we can obtain from a third party. The lease agreements do not generally give tenants the right to terminate their tenancies prior to expiration of the lease terms.

Tenancy Management

Tenants are normally responsible for payment of utilities in the leased office spaces and building management fees, while we are responsible for payments of utilities in public area. Tenants are generally also responsible for repair costs and payment of all other expenses related to interior of leased office spaces, while we are generally responsible for repairing common area and main structure. Tenants are generally not permitted to assign or sublet leased office spaces without our prior consent.

If our tenants default in rent payment or breach certain conditions in the lease agreement or overstay beyond the lease term, we are entitled to impose on them a default penalty which is typically equivalent to 5% of the total lease amount under the agreement. In addition to the default penalty, we are entitled to rely on other contractual remedies available to us to recover all losses as a result of such breach or default exceeding the default penalty.

BUILDING OWNERSHIP CERTIFICATES IN RESPECT OF CERTAIN INVESTMENT PROPERTIES

As at the Latest Practicable Date, we were in the process of obtaining building ownership certificates in respect of the two apartment buildings in the Optics Valley Software Park (Phases I-IV) that we held for recurring rental income. We have obtained the land use rights certificates, the construction land planning permits, the construction project planning permits, the construction works commencement permits and the record for acceptance examination upon project completion (竣工驗收備案證明) in respect of these two apartment buildings. As we did not intend to sell the two apartment buildings but have held them as investment properties, and none of our tenants requested us to obtain the relevant building ownership certificates, we did not apply for these certificates in a timely manner after completion of the construction of the two apartment buildings.

The table below sets forth the attributable revenue of these properties during the Track Record Period:

Properties	Project	Attributable revenue during the Track Record Period
		(RMB'000)
Two apartment buildings	Optics Valley Software Park (Phases I – IV)	2010: 2,164 2011: 2,375 2012: 2,303 First three quarters of 2013: 1,898

Our PRC legal advisors, Jingtian & Gongcheng, have advised us that as we have obtained the land use right certificates, the relevant construction certificates and permits, and the record for acceptance examination upon project completion in respect of these properties, there is no material legal impediment for us to obtain the relevant building ownership certificates. We expect to obtain the relevant building ownership certificates around the third quarter of 2014.

Our PRC legal advisors, Jingtian & Gongcheng, have also advised us that (i) as there are no applicable rules under the “Administrative Measures for Leasing of Commercial Properties” (《商品房租賃管理辦法》) specifically requiring that property owners must have obtained building ownership certificates before leasing out relevant properties, we should not be subject to any administrative punishment due to our leasing out these two buildings before we obtain the relevant building ownership certificates; (ii) as there are no applicable rules under the “Measures for Housing Registration” (《房屋登記辦法》) imposing any administrative punishment against any failure by property owners to timely obtain building ownership certificate, we should not be subject to any administrative punishment due to our failure to obtain the relevant building ownership certificates in a timely manner after completion of the construction of these two buildings; and (iii) our leasing out these two buildings before we obtain the relevant building ownership certificates should not affect the validity and enforceability of relevant lease agreements.

Our PRC legal advisors, Jingtian & Gongcheng, have further advised us that under the PRC laws and regulations, we are unable to transfer or pledge as security any properties in these two buildings before we obtain the relevant building ownership certificates. As we have no intention to transfer or pledge as security any properties in these two buildings, our Directors are of the view that such failure would not have any material impact on our business.

Moreover, taking into account the fact that we have not yet obtained only the relevant building ownership certificates in respect of these two buildings and based on the above legal opinion from our PRC legal advisors that there is no material legal impediment for us to obtain these certificates, Savills Valuation is of the view that we will obtain the legal titles to these two buildings in due course. Accordingly, Savills Valuation has included these two buildings in the property valuation report set out as Appendix IV to this prospectus and assigned them with commercial value according to the definition of market value.

Based on the legal opinions from our PRC legal advisors, the property valuation of these two buildings by Savills Valuation and our management’s experience, our Directors do not expect that we or our tenants will be required to relocate to other locations or lack of the relevant building ownership certificate would have any material effect on leasing of these two buildings, as we have substantially completed requisite procedures in accordance with the relevant PRC and local rules and regulations and expect to obtain the relevant building ownership certificates around the third quarter of 2014. Furthermore, our Directors are of the view that the relevant potential risks are significantly low and the title deficiencies with respect to these two buildings are, individually or collectively, not crucial nor material to our business.

OUR CUSTOMERS

Establishment of Long-term Relationships with Our Customers

We have developed a sizeable, diversified and loyal customer base through our business park development and operation over the years. Our customers consist of the largest or leading global corporations, Chinese blue-chip enterprises and small, fast-growing companies, with many of which we have established long-term strategic relationships.

We have been developing large-scale, industry theme-focused business parks to cater to the trend of industry clustering. We proactively track and analyze leading enterprises in our target industries with regard to their needs for locations, business spaces and operating environments, and offer competitive terms to attract selected enterprises to establish their businesses in our business parks. The presence of these leading enterprises may further attract other companies in the same or similar industries as well as their suppliers and service providers along the relevant industry value-chains to relocate to our business parks.

In addition, although our sales of properties to customers during the Track Record Period were generally one-off in nature, we have established long-term strategic relationships with a significant number of our customers in the following ways. We have endeavored to assist SMEs and start-up companies since they first established their presence in our business parks. With the continued growth and expansion of their businesses, we further assist these companies to address their demands for larger office spaces and other business needs. For example, Wuhan CYCS Hi-Tech Co. Ltd* (武漢中科創新園高科技術有限公司) acquired office space for research and development in the Optics Valley Financial Harbour (Phase I) when it established its presence in our business park. With the continued growth and expansion of its business, it further acquired more office space in the Wuhan Innocenter. Furthermore, through our development management services for the landmark and other large-scale business parks owned by local governments and leading enterprises, we have gained access to the enterprises and companies in their business parks, which may be attractive potential customers for our existing or future business parks. We expect that, subject to their business needs, our customers in our existing business parks and the enterprises in the third-party business parks for which we provide our development management services would likely become our customers for the business parks focusing on the relevant industries which we develop in new markets. We also invite our customers of large corporations, banks and financial institutions in our existing business parks to conduct on-site visits to our new projects. Some of these customers intend to establish their businesses in our other target cities and have expressed their strong interests to purchase customized properties in our new projects. Also, we believe that, in line with the trend of "industry clustering," the enterprises and companies in our existing business parks would also likely refer our developments to their upstream suppliers and service providers and downstream customers along the relevant industry value-chains and help attract other companies in the same or similar industries to relocate to our new business parks.

Based on our best understanding of customers and after due inquiry, we have adopted an approach to treat different subsidiaries within a group or individuals who are family members with direct and immediate relationships as repeat customers. We estimated that during the Track Record Period, we had at least seven repeat customers of leading enterprises, banks and financial institutions (such as Taikang Life Insurance Co. Ltd.* (泰康人壽保險股份有限公司) and Guohua Life Insurance Co., Ltd.* (國華人壽保險股份有限公司)), high-technology companies (such as Wuhan CYCS Hi-Tech Co. Ltd.* (武漢中科創新園高科技術有限公司)) and individuals.

In addition, we hold and lease out certain investment properties which provide supporting services in our business parks to companies for recurring income. In addition, we assist certain customers to lease out vacant office spaces in our business parks to companies.

Summary Information on Our Largest Customers

During the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the percentage of turnover attributable to our five largest customers from the sales of properties in our projects was 49.1%, 37.0%, 33.7% and 48.4%, respectively, and the percentage of turnover attributable to our largest customer from the sales of properties in our projects was 35.9%, 14.9%, 9.7% and 19.2%, respectively. To the best knowledge of our Directors, none of our Directors, their associates or any of our shareholders holding more than 5% of our issued capital, had any interests in any of our five largest customers during the Track Record Period.

The following table sets forth further a summary of our five largest customers during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,
Customer	**2010**	**2011**	**2012**	**2013**
Largest customer				
% of total turnover from property development	35.9%	14.9%	9.7%	19.2%
Year(s) of relationship	2	2	2	3
Type of projects sold	Software Park	Financial Harbour	Software Park	Financial Harbour
Background	Financial mid-and back-office service company	Financial back-office service company	Financial back-office service company	Financial back-office service company(1)
Second largest customer				
% of total turnover from property development	6.5%	8.7%	7.9%	11.2%
Year(s) of relationship	1	2	2	2
Type of projects sold	Financial Harbour	Financial Harbour	Software Park	Financial Harbour
Background	Financial service outsourcing company	Financial back-office service company(1)	Headquarter and back-office service center	E-commerce and internet services company

Note:

(1) Denotes the same business entity.

Customer	Year ended December 31, 2010	2011	2012	Nine months ended September 30, 2013
Third largest customer				
% of total turnover from property development	3.1%	7.9%	6.9%	6.1%
Year(s) of relationship	1	1	2	2
Type of projects sold	Financial Harbour	Software Park	Financial Harbour	Financial Harbour
Background	Software outsourcing service company	Service company in creative industry	Financial back-office	Financial institution
Fourth largest customer				
% of total turnover from property development	2.2%	3.3%	5.2%	6.0%
Year(s) of relationship	1	2	3	2
Type of projects sold	Financial Harbour	Financial Harbour	Financial Harbour	Financial Harbour
Background	Energy conservation and environmental protection service company	Financial back-office service company	Financial back-office service company	Software development company
Fifth largest customer				
% of total turnover from property development	1.4%	2.1%	3.9%	5.9%
Year(s) of relationship	2	2	–	2
Type of projects sold/ service provided	Customer of construction service	Software Park	Software Park	Financial Harbour
Background	Construction service company	Information technology service company	N/A	Internet recruiting and human resource services company

AWARDS AND RECOGNITIONS

Over the past years, we have received widespread recognition from the PRC and local governmental authorities and industry associations. The table below sets out some of the awards we have received in respect of our group companies and development projects:

Award/recognition	Recipient/project	Date	Awarding authority
Corporate Level Awards			
"Enterprises of Wuhan City with Emphasis in and Adherence to Contract Terms" (武漢市守合同重信用企業)	Wuhan Optics Valley Union	Feb 2010	Association for the Promotion of Emphasis in and Adherence to Contract Terms of Wuhan City (武漢市合同信用促進會)
"2009 Top 20 Real Estate Development Enterprises of Wuhan City" (2009年度武漢房地產開發二十強企業)	Wuhan Optics Valley Union	Jul 2010	Real Estate Development Corporate Association of Wuhan City (武漢房地產開發企業協會)
"Most Creditable Companies in Hubei Province" (湖北省守合同重信用企業)	Wuhan Optics Valley Union	Nov 2010	People's Government of Hubei Province (湖北省人民政府)
"2010 Top 10 Excellent Management and Service Companies in China Property Industry" (2010年度中國物業行業十大管理服務雙優企業)	Wuhan Lido Property Management	Jan 2011	China Enterprise Confederation Property Management (中國物業管理企業聯合會)
"2009-2010 Corporate Integrity Enterprise" (2009-2010年度誠信企業)	Wuhan Optics Valley Union	Mar 2011	Real Estate Development Corporate Integrity Review Group of Wuhan City (武漢房地產開發行業誠信企業評審組)
"Top 20 Real Estate Development Enterprises in terms of Overall Strength in Wuhan City" (2010年度武漢房地產開發行業綜合實力二十強企業)	Wuhan Optics Valley Union	Jun 2011	Corporate Real Estate Development Association of Wuhan City (武漢房地產開發企業協會)

Award/recognition	Recipient/project	Date	Awarding authority
"2010 Gold Prize for the Wuhan Construction Engineering (Decorative) Huanghe Award" (2010年度武漢市建築工程(裝飾)黃鶴獎金獎)	Wuhan Lido Technology	Sep 2011	The Building Decoration Association of Wuhan City (武漢建築裝飾協會)
"2010 Huanghe Award for Quality Engineering in Building Decoration of Wuhan City" (2010年度武漢市建築裝飾優質(黃鶴獎)工程獎)	Wuhan Lido Technology	Sep 2011	The Building Decoration Association of Wuhan City (武漢建築裝飾協會)
"2010 Top 10 Enterprise on Building Decoration of Hubei Province" (2010年度湖北省建築裝修裝飾企業十強)	Wuhan Lido Technology	Nov 2011	The Government of Hubei Province (湖北省政府)
"Triple-A Credit Ratings Certificate" (信用等級證書AAA)	Wuhan Optics Valley Union	Dec 2011	Wuhan Enterprise Credit Management Service Center (武漢企業信用管理服務中心)
"China's Best Employer Award 2011 and 2012" (武漢年度最佳僱主(2011)武漢年度最佳僱主 (2012))	Wuhan Optics Valley Union	Jan 2012 and Jan 2013	Zhilian Recruitment, or Zhaopin.com (智聯招聘), Corporate Governance and Branding Promotion Research and Development Center of the Beijing University (北京大學企業社會責任與僱主品牌傳播研究中心)
"2011 Positive Contribution Enterprises of the East Lake High-Tech Development Zone" (2011年度東湖高新區積極貢獻企業)	Wuhan Optics Valley Union	Apr 2012	Administration Committee Wuhan East Lake High-Tech Development Zone (武漢東湖新技術開發區管理委員會)
"The Leading Enterprise in China's Industrial Property Industry Award (中國房地產產業地產標杆企業)"	Wuhan Optics Valley Union	Aug 2013	China Real Estate Business News (中國房地產報)

Award/recognition	Recipient/project	Date	Awarding authority
"2013 Top Ten Valuable Industrial Real Estate Brands in China (2013中國產業地產品牌價值TOP10)"	Wuhan Optics Valley Union	Sep 2013	Top Ten China Real Estate Research Group (中國房地產10強研究組) comprising the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Tsinghua University Real Estate Research Institute (清華大學房地產研究所) and China Index Academy(中國指數研究院).
Project Level Awards			
China's Base City for Outsourcing Services (中國服務外包基地城市)	Optics Valley Software Park	Dec 2006	MOFCOM
"China's Model Park for Service Outsourcing Base City" (中國服務外包基地城市示範區)	Optics Valley Software Park	Apr 2007	Wuhan Municipal Government (武漢市人民政府)
"2008 Superior Quality Construction Project Award of Hubei Province (Chutian Cup)" (2008年度湖北省建築優質工程(楚天杯))	Optics Valley Software Park (Phase I)	Jul 2008	Department of Housing and Urban-Rural Development Hubei Province (湖北省住房和城鄉建設廳)
"2008-2009 China HOPSCA New Landmark" (2008-2009中國城市綜合體新地標)	Optics Valley Software Park	Nov 2008	China Real Estate Industry Association (中國房地產業協會), China Real Estate Index System (中國房地產指數系統), Industry and Market Professional Research Association (產業與市場研究專業委員會) and China Index Research Institute (中國指數研究院)

Award/recognition	Recipient/project	Date	Awarding authority
"2010 Hubei Province Model Constructions with New Technology" (2010年度湖北省建築新技術應用示範工程)	Optics Valley Software Park (Phase II)	May 2011	Housing and Urban-Rural Development Bureau of Hubei Province (湖北省住房和城鄉建設廳)
"2011 Superior Quality Construction Project Award of Hubei Province (Chutian Cup)" (2011年度湖北省建築優質工程(楚天杯))	Optics Valley Software Park (Phase II)	May 2011	Construction Quality and Safety Association of Hubei Province (湖北省建設工程質量安全協會)
"2011 Best Business Park in China's Creative Industries Award" (中國創意產業最佳園區獎)	Creative Capital	Nov 2011	China Original Design Annual Award Review Committee (中國創意產業年度大獎評選委員會)
"2011 and 2012 Guangsha Award (Non-residential property)" (2011-2012年度"廣廈獎"(非住宅類))	Optics Valley Software Park	Nov 2012	China Real Estate Industry Association (中國房地產業協會) and Housing and Urban Ministry of Housing Industrialization Promotion Center (住房和城鄉建設部住宅產業化促進中心)

COMPETITION

The PRC commercial business market started to emerge in China in the late 1990s to 2000, when the PRC Government adopted a policy of promoting economic development zones as part of its strategic efforts to stimulate domestic growth and upgrade China's industrial structure. Compared to the PRC real estate market in general and the PRC residential market, the competition in the PRC commercial business park market is relatively low because of its short history of development and the geographic coverage of market limiting to approximately 20 first- and second-tier cities. Barriers to entry for the PRC commercial business park market are high. See the subsection headed "Industry Overview – The PRC Commercial Business Park Market – Competitive Landscape" in this prospectus for detailed discussion.

In the PRC commercial business park market, we mainly compete against other large-scale commercial business park developers and operators. Key competitive factors include, among others: (i) in-depth industry knowledge, development know-how and operational expertise, (ii) capabilities to develop ready-built business spaces with standardized facilities as well as customized properties with industry-specific supporting facilities meeting particular demands of customers, (iii) quality and price of business parks, (iv) relationships with leading enterprises in relevant industries and local governments, and (v) ability to provide a wide range of high-quality business operation services and further expand scope and levels of such services to meet customers' requirements. Their resources in these markets may pose challenges to us as we further expand our business to these new cities, in particular, Beijing, Shanghai, Xi'an, Chongqing and Tianjin.

According to the Savills Report, we ranked second in China as of December 31, 2013 among all commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. We have particular competitive advantages in Wuhan, Qingdao and Ezhou as we have developed a portfolio of multi-theme business parks and we are a market leader in the business park development sector in these cities. We proactively conduct extensive market research and strategically select our target cities with significant customer demands for business parks, the relatively low entry barriers and risk profile, and available land sites where we can leverage our competitive strengths and develop our major types of business parks. Based on our accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale, industry theme-focused business parks in Wuhan, we replicate our business model in business park development in our other target cities. Because our business parks are in line with local development plans and have contributed, or are expected to contribute, significantly to the upgrading of local industrial structures and the growth of local economies, local governments often provide us with incentives in relation to various aspects of the development of our projects in the relevant cities and help us attract leading local enterprises and other companies in our target industries to establish their presence in our business parks.

However, certain of our competitors, particularly state-owned commercial business park developers and operators, are well capitalized and have greater financial, marketing and other resources than we have. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – Our business and prospects could be adversely affected by competition" in this prospectus for further discussion of the competition we face as to our businesses of property development, business operation services and development management services. Many of our competitors have also entered business park markets in first and second-tier cities in China and developed projects for research and development of science and technologies, software development, information technology and business process outsourcing activities, in line with governmental industrial development policy.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we were the registrant of 162 registered trademarks in the PRC under various categories including real estate businesses (real estate leasing, real estate agency and real estate management), construction, architecture, engineering, furniture and non-metal construction. We were the transferee, and have been transferred, one registered trademark in the PRC. We were also the owner of the domain names "ovuni.com.cn" and "ovuni.com" as of the Latest Practicable Date. In addition, we were the registrant of six registered patents and have applied for registration of eight patents in the PRC as of the Latest Practicable Date.

As of the Latest Practicable Date, we were the registrant of two registered trademarks and have applied for registration of one trademark with the Trade Marks Registry of the Intellectual Property Department in Hong Kong. For further details relating to our intellectual property, please refer to the subsection headed "Statutory and General Information – B. Further Information about Our Business – 2. Intellectual property rights of our Group" in Appendix VII to this prospectus.

INSURANCE

Project developers in the PRC are not required under national or local laws and regulations to maintain insurance coverage in respect of their project development operations. We generally do not maintain insurance coverage for our projects under development other than group accident insurance against personal injury for construction employees of Wuhan Jitian Construction. We do not require third-party construction contractors we engage to maintain insurance coverage for business parks under development. The third-party construction contractors are responsible for quality and safety control during course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations.

We believe that the insurance coverage of our Group is generally in line with industry and market practices for property developers and the market. However, there are risks for which we do not have sufficient or any insurance coverage for losses, damages and liabilities that may arise in our business operations. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – Our limited insurance may not cover claims arising from construction-related personal injuries or other damages and losses to our business" in this prospectus for further discussion.

EMPLOYEES

As of December 31, 2013, we had 3,695 full-time employees. We enter into employment contracts with our employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. Remuneration of our employees includes basic wages, allowance, bonuses and other employee benefits. The following table provides a breakdown of our employees by responsibilities as of December 31, 2013:

	Number of employees	% of total
Management	56	1.5%
Sales and marketing	86	2.3%
Development, engineering and construction	457	12.4%
Procurement and cost control	106	2.9%
Accounting and finance	54	1.5%
Research and development	76	2.1%
Project management and operations	112	3.0%
Human resources	184	5.0%
Business operation services	2,564	69.4%
Total	3,695	100.0%

We have implemented the measures of employee performance and promotion and the system of employee compensation and benefits. The remuneration package of our employees includes salary and bonuses. In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion.

Furthermore, our Directors confirmed that there were no material employees' claims arising from construction-related injuries during the Track Record Period.

LABOR, HEALTH AND SAFETY MATTERS

In respect of social responsibilities, in particular, labor, health and safety insurance, pursuant to the regulations of the Labor Contract Law of the People's Republic of China《中華人民共和國勞動合同法》and its implementation regulations, the Labor Law of the People's Republic of China《中華人民共和國勞動法》and the Opinions on Several Questions concerning the Implementation of the Labor Law of the People's Republic of China《關於貫徹執行<中華人民共和國勞動法>若干問題的意見》, an enterprise is required to execute an employment contract with each employee according to relevant laws and regulations and shall not rescind the employment contract without cause. Employees are entitled to have rest and annual leave according to the laws and provisions stipulated in the employment contract. An enterprise is required to have health and safety policies and provide health and safety trainings to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as any protective equipment if necessary. Pursuant to the regulations of the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees《國務院關於建立城鎮職工基本醫療保險制度的決定》, the Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees《國務院管理建立統一的企業職工基本養老保險制度的決定》, the Provisional Insurance Measures for Maternity of Enterprise Employees《企業職工生育保險試行辦法》, the Regulations on the Management of Housing Provident Fund《住房公積金管理條例》, the Regulations on Unemployment Insurance《失業保險條例》and the Regulations on Industrial Injury Insurance《工傷保險條例》, an enterprise is required to purchase housing provident funds, basic medical insurance, pension insurance, maternity insurance, unemployment insurance, and personal injury insurance for its staff and pay the relevant insurance premiums according to law. During the Track Record Period and up to the Latest Practicable Date, we had made full contributions to employee social welfare schemes as required by the PRC social security regulations for housing provident funds, social insurance, pension insurance, medical insurance, unemployment insurance, maternity insurance and job-related injury insurance for our employees. We believe that our policies with respect to insurance are in line with the practice of the property development industry in the PRC.

During the Track Record Period, there was no material violation of currently applicable PRC labor, health and safety regulations, nor were there any material employee safety issues involving us. We intend to fully comply with the new PRC labor contract laws and do not expect such compliance to affect our business operations in any material respect.

Under the Construction Law of the People's Republic of China 《中華人民共和國建築法》, construction contractors assume responsibility for the safety of construction sites. For our developments, the main contractor takes overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor. Under the Environmental and Hygienic Standards of Construction Work Site 《建築施工現場環境與衛生標準》, a contractor is required to adopt effective occupational injuries control measures, to provide workers with necessary protective devices, and to offer regular physical examinations and trainings to workers who are exposed to the risk of occupational injuries. To our knowledge, there has been no material non-compliance with the health and safety laws and regulations by our main contractors or subcontractors during the course of their business dealings with us.

ENVIRONMENTAL MATTERS

We are subject to PRC environmental and safety laws and regulations promulgated by both the central and local governments. The laws and regulations governing the environmental requirements for real estate developments in the PRC include the Environmental Protection Law 《中華人民共和國環境保護法》, the Prevention and Control of Noise Pollution Law《中華人民共和國環境噪聲污染防治法》, the Environmental Impact Assessment Law《中華人民

共和國環境影響評價法》and the Administrative Regulations on Environmental Protection for Development Projects 《建設項目環境保護管理條例》. As required by PRC laws and regulations, each project developed by a property developer is required to undergo an environmental impact assessment, and property developers must submit environmental impact assessment reports to the relevant governmental authorities for approval before commencement of construction. When there is a material change in respect of construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. During the course of construction, property developers must take measures to prevent air pollution, noise emission and waste discharge. In addition, as we outsource our construction work to third party contractors, pursuant to terms of the construction contracts, contractors and subcontractors are required to comply with the environmental impact assessment and conditions of the subsequent approvals from relevant governmental authorities. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, we incurred approximately RMB223,700, RMB262,000, RMB330,500 and RMB452,591, respectively, for compliance with applicable environmental laws and regulations, which was primarily related to environment impact assessment for construction of our properties, environmental inspection and purchase or maintenance of environmental protection equipment. Due to the nature of our business, our total expenditures for maintaining compliance with environmental laws are not material and we do not expect to experience any significant fluctuation in our environment compliance costs in the near future.

In addition, in accordance with PRC environmental laws and regulations, if a construction project includes environmental facilities (including projects, devices, monitors and other facilities that were constructed or equipped in order to prevent pollution and protect the environment), such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operations. If a construction project does not include any environmental facilities, no such approval is required.

All of our completed projects and projects under development have received the requisite environmental approvals. Upon completion of each property project, the relevant governmental authorities inspect the property site to ensure that we have complied with the applicable environmental and safety standards. Inspections of each completed property project carried out by the relevant governmental authorities to date have not revealed any environmental liability which would have a material adverse effect on our business operations or financial condition. During the Track Record Period, we did not experience any incident of material environmental pollution incident and there was no penalty imposed on us for any violation of environmental laws and regulations.

REGULATORY MATTERS

Save as disclosed in this prospectus, our Company and all of our subsidiaries have obtained and currently maintain all necessary permits and licenses required for their business activities being conducted, and during the Track Record Period and up to the Latest Practicable Date, we have been in compliance in all material respects with relevant PRC regulations and requirements relating to the PRC property sector, including those which mandate the possession of valid business licenses and the relevant qualification certificates, such as real estate developer qualification certificates.

Idle Land

The construction commencement of certain projects that were owned and developed by our Group and joint venture was delayed for more than one year from the respective construction commencement dates as prescribed in relevant land grant contracts. The table below sets out the details of our potential non-compliance instances of idle land during the Track Record Period and up to the Latest Practicable Date:

Projects involved/ Total GFA (sq.m.)	Attributable revenue of the projects during the Track Record Period	Delayed period	Responsible governmental authorities	Confirmations from the relevant authorities	Reasons for delays	Current status of the projects
	(RMB'000)					
Optics Valley Financial Harbour (Phase I)/ Total GFA: 275,913	2010: 172,964 2011: 480,011 2012: 409,640 First three quarters of 2013: nil	November 15, 2006 – June 25, 2009 (being the commencement date of construction)	Wuhan Municipal Land Bureau East Lake High Technology Development Zone Branch* (武漢市國土局東湖新技術開發區分局)	We have not been subject to any penalties due to breach of PRC laws or regulations in relation to real property administration.	Change of the project master planning and resubmission of the project design drawing by original land owner as requested by relevant governmental authorities	Construction work fully completed
Romantic Town/ Total GFA: 158,876	2010: nil 2011: 434,241 2012: 51,401 First three quarters of 2013: 3,857	May 18, 2003 – July 11, 2008 (being the commencement date of construction)	Wuhan Municipal Land Bureau East Lake High Technology Development Zone Branch	We have not been subject to any penalties due to breach of PRC laws or regulations in relation to real property administration.	Failure of land resettlement on time by original land users	Construction work fully completed
Wuhan Innocenter (Phase I)/ Total GFA: 61,327	First three quarters of 2013: 77,499	December 31, 2007 – December 27, 2011(being the commencement date of construction)	Wuhan Jiangxia Economic Development Zone Administration Office Canglongdao Branch* (武漢市江夏經濟開發區藏龍島辦事處)	We have not breached any laws or agreements as a result of our property development.	Multiple changes of the project master planning as requested by relevant governmental authorities	Construction work fully completed
Lido Mason (Phase I)/ Total GFA: 71,203	2010: nil 2011: nil 2012: nil First three quarters of 2013: 345,802	May 2010 – July 21, 2011 (being the commencement date of construction)	Wuhan Municipal Land Bureau East Lake High Technology Development Zone Branch	We have not been subject to any penalties due to any breach of PRC laws or regulations in relation to real property administration.	Failure of land resettlement on time by original land users	Construction work fully completed
Lido 2046/ Total GFA: 126,629	Nil	November 8, 2010 – August 30, 2012 (being the commencement date of construction)	Wuhan Municipal Land Bureau	We have not breached any laws or agreements as a result of our property development.	Change of the project master planning due to change of local development plan	Under construction

To the best knowledge of our Directors, none of the above delays were due to our lack of working capital to finance the projects involved at relevant time.

As advised by our PRC legal advisors, Jingtian & Gongcheng, under the PRC laws, unless the delay is caused by force majeure, acts of government or their departments concerned, or early preparations necessary for commencement of development as provided in the Measures on Disposing Idle Land (《閑置土地處置辦法》), in the event that we fail to commence construction for more than one year from the commencement date prescribed in the land grant contract, the relevant PRC land administrative department may serve an idle land confirmation letter on us and impose an idle land fee of up to 20% of the land grant premium; and in the event that we fail to commence construction for more than two years from the relevant prescribed commencement date, the relevant authorities may reclaim the land without compensation. Furthermore, our ultimate controlling shareholder, Mr. Huang Liping, has undertaken to indemnify us against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines as a result of these delays.

With respect to the idle land instances of these five projects, Wuhan Municipal Land Resources and Planning Bureau (武漢市國土資源和規劃局) as the competent authority made a report dated December 23, 2013 to Hubei Provincial Land Resources Department (湖北省國土資源廳), the higher authority at the provincial level at MLR, that none of the construction of these five projects has breached the PRC laws and regulations. Based on the report from Wuhan Municipal Land Resources and Planning Bureau, Hubei Provincial Land Resources Department issued a confirmation letter on December 27, 2013, confirming that it agreed with the findings of Wuhan Municipal Land Resources and Planning Bureau, that none of the construction of these five projects has breached the PRC laws and regulations, and that as the construction of these five projects has commenced, there is no risk that the Group would be subject to any penalties imposed by the relevant authorities due to the idle land instances. As of the Latest Practicable Date, we had not been subject to any penalty or idle land fee imposed by the relevant authorities for our failure to commence construction of our projects on a timely basis in accordance with the relevant land grant contracts. Given that the relevant authorities are fully aware of the above delays and based on the confirmations we have obtained from these competent authorities as disclosed above and the current status of the projects involved, our PRC legal advisors, Jingtian & Gongcheng, are of the view that there is no risk that the relevant authorities would impose any penalties against our Group.

Furthermore, we were advised by our PRC legal advisors, Jingtian & Gongcheng, that as of the Latest Practicable Date, save as disclosed in this prospectus, we had no non-compliance instances of idle land in relation to our property developments, and under applicable PRC rules and regulations, no administrative penalty would be imposed on us due to any delay in the construction commencement of our projects. Based on the latest project development schedule and the advice from our PRC legal advisors, our Directors expect that the construction commencement of our projects will comply with relevant PRC laws and regulations.

We have adopted the enhanced internal control measures in our expanded development operations in our target cities to prevent the re-occurrence of similar non-compliance instances in the future. Our management controls the development process of each project through the OA System and oversees the implementation of internal control measures with reference to our guidelines. Our different functional centers regularly hold meetings to assess and evaluate the operation of each project and ensure that each project is completed on time according to the timeline provided in the OA system. The responsible staff are reminded to handle uncompleted scheduled tasks of each project through the OA system and communicate with relevant governmental authorities to complete requisite procedure on time. The responsible experts are also assigned to regularly inspect all projects in our target cities. If any internal control incident is identified, our management evaluates the incident and takes appropriate rectification measures promptly.

Acquisition of Equity Interests in Target Companies

As part of our growth and development plan, we acquire equity interests in certain companies to expand our business from time to time. In order to strengthen our control environments, we have adopted the following measures in respect of acquisition of equity interests in target companies:

- We have set up an investment management committee (the "Committee") to oversee each proposed acquisition of equity interests in target companies. The Committee will comprise of six to eight members from our Group's legal and compliance department, finance center, market research department and cost control center. A task group will be formed once a target company has been identified. The task group will set out the specific due diligence procedures and regulatory requirements necessary for the proposed acquisition. The task group may include personnel outside of the Committee and from other departments when necessary.

- We have prepared a checklist setting out the due diligence procedures and regulatory requirements for all acquisitions. The due diligence procedures cover legal, financial and business aspects and include, inter alia, (i) reviewing public records of the target company, such as its filings with the Companies Registry in Hong Kong, the industry and commerce authorities in the PRC and relevant stock exchange where applicable; (ii) conducting background check on the seller(s) and the target company; (iii) reviewing the financial statements and management accounts of the target company and its subsidiaries; (iv) conducting independent valuation on its assets where appropriate; and (v) reviewing legal documents and corporate documents such as minutes book of the target company and its subsidiaries. The Committee will review this checklist and update it regularly to be in line with applicable laws and regulations.

- The Committee will closely monitor the whole process of each acquisition and ensure all necessary due diligence procedures and regulatory requirements are duly complied with. The Committee will consult and seek advice from external professional parties, such as legal advisors, accountants and financial advisors, when necessary, and will report its findings and make recommendation to the Board.

- We have provided and will continue to provide customized training sessions to our Directors, senior management and staff members of our group companies as and when appropriate, which will cover relevant PRC laws and regulations relating to the property industry, the Hong Kong Listing Rules, our internal control policies and procedures and general risk management skills, to raise their awareness of the importance of internal legal compliance and to strengthen their risk management skills.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, none of us or any of our subsidiaries have been involved in any litigation or arbitration of material importance that, individually or in the aggregate, would have a material adverse effect on our business, financial condition and results of operations, and to the best knowledge of our Directors, there is no pending or threatened litigation, arbitration or claim of material importance against us or any of our subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain agreements and transactions with our connected persons in our ordinary and usual course of business, in which these transactions will continue after Listing and hence, upon Listing, will constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Set out below is a summary of the continuing connected transactions of our Group, which are exempt from reporting, annual review, announcement requirements under Rule 14A.33 of the Hong Kong Listing Rules and independent shareholders' approval requirements. The Directors confirm that all the transactions set out in this section were carried out on normal commercial terms.

1. Trademark License Agreement

Prior to the Reorganization, Wuhan Qianbao Property owned Wuhan United Real Estate as to 45%. We have been using the "Qianbao" trademark in the ordinary course of business.

On April 30, 2013, Wuhan Qianbao Media, our wholly-owned subsidiary, and Wuhan Qianbao Property entered into a trademark license agreement (the "Trademark License Agreement") whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media for a consideration of RMB1,000 to use a trademark registered in the name of Wuhan Qianbao Property during the period from May 1, 2013 to December 31, 2015. During the term of the Trademark License Agreement, any member of the Group is entitled to use the trademark listed therein. The Trademark License Agreement has a term of three years. On August 30, 2013, Wuhan Optics Valley Union and Wuhan Qianbao Property entered into a trademark transfer agreement whereby Wuhan Qianbao Property agreed to transfer the "Qianbao" trademark to Wuhan Optics Valley Union at a total consideration of RMB10,000. As of the Latest Practicable Date, application has been made to transfer the "Qianbao" trademark from Wuhan Qianbao Property to our Group and it is expected that such transfer will be completed after Listing.

Full particulars of the trademark licensed to Wuhan Qianbao Media by Wuhan Qianbao Property under the Trademark License Agreement are set out in Appendix VII entitled "Statutory and General Information" to this prospectus.

Mr. Huang Liping is our Director and controlling shareholder. Wuhan Qianbao Property is owned by Mr. Huang Liping as to more than 30% and is therefore his associate. Wuhan Qianbao Property is therefore our connected person.

The Trademark License Agreement is entered into on normal commercial terms and each applicable percentage ratio is, on an annual basis, less than 0.1% and accordingly will qualify as continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules which will be exempt from reporting, annual review, announcement and independent shareholders' approval requirements.

2. Guarantee provided by Mr. Huang Liping and his spouse (the "Guarantee")

Two banks in the PRC, one as facility agent and lender and one as lender, granted a loan facility of RMB330 million to the Group on April 26, 2012 for a term of 13 years at a floating interest rate of 10% above the 5 years RMB loan benchmark interest rate published by the PBOC at the time of drawdown. This facility is guaranteed by our connected persons, being Mr. Huang Liping, who is our Chairman, executive Director and our controlling shareholder, and his spouse.

Pursuant to Rule 14A.65(4) of the Hong Kong Listing Rules, the continuing connected transactions involving the provision of the guarantee to the Group by Mr. Huang Liping and his spouse are exempt from the reporting, announcement and independent shareholders' approval requirements as these constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

3. Loan facilities provided by us to certain non-wholly owned subsidiaries

On March 3, 2014, in order to provide facilities to our non-wholly owned subsidiaries for their working capital purposes, the Company, Hubei Science & Technology Investment, Energy Conservation Technology Park and Wuhan Financial Harbour Development entered into a framework facilities agreement, pursuant to which the Company and Hubei Science & Technology Investment agreed to, and agreed to procure their respective subsidiaries to, provide loan facilities to Energy Conservation Technology Park and Wuhan Financial Harbour Development, being our non-wholly owned subsidiaries and associates of Hubei Science & Technology Investment, through entrusted loan arrangements with third party banks (the "Framework Facilities Agreement"). The term of the Framework Facilities Agreement began on the date of signing and ends on December 31, 2016. The loan facilities provided by us and Hubei Science & Technology Investment must be in proportion to our respective equity interests in Energy Conservation Technology Park and Wuhan Financial Harbour Development. Each of Energy Conservation Technology Park and Wuhan Financial Harbour Development will be charged interest based on the prevailing interest rate as announced by the PBOC.

Hubei Science & Technology Investment is a substantial shareholder of the Company and is therefore our connected person. Each of Energy Conservation Technology Park and Wuhan Financial Harbour Development, our non-wholly owned subsidiaries, is owned by Wuhan Optics Valley Union and Hubei Science & Technology Investment as to 70% and 30%, respectively, and is therefore our connected persons pursuant to Rule 14A.11(5) of the Hong Kong Listing Rules.

Under PRC law, an entity without license to extend credits is not allowed to lend money to another entity. In order for the equity interest holders to lend funds to Energy Conservation Technology Park and Wuhan Financial Harbour Development to satisfy their business needs, the Company and Hubei Science & Technology Investment agreed to deposit the relevant funds to a third-party bank in proportion to their respective equity interests in Energy Conservation Technology Park and Wuhan Financial Harbour Development and then entrust it to onward lend such funds to Energy Conservation Technology Park and Wuhan Financial Harbour Development. Our PRC legal advisers, Jingtian & Gongcheng, have advised us that the provision of loan by us to the associates of Hubei Science & Technology Investment through entrusted loan arrangements is in compliance with the PRC laws and regulations, including the General Provision of Loans (貸款通則).

Pursuant to Rule 14A.65(3) of the Hong Kong Listing Rules, the financial assistance provided by us for the benefit of Energy Conservation Technology Park and Wuhan Financial Harbour Development under the Framework Facilities Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements as this constitutes financial assistance provided by us on normal commercial terms for the benefit of our connected persons, in which we are an equity interest holder, and is in proportion to our respective equity interests in Energy Conservation Technology Park and Wuhan Financial Harbour Development.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Set out below is a summary of the continuing connected transactions of our Group, which are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Hong Kong Listing Rules, but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

1. Property management services provided by us to Wuhan Future Science & Technology City Park Asset Management Co., Ltd. (武漢未來科技城園區資產管理有限公司) ("Wuhan Future City Asset Management")

(a) Background

On November 28, 2012, Donghu Branch of Wuhan Lido Property Management entered into a property management agreement, as supplemented by a supplemental agreement executed in December 2013, with Wuhan Future City Asset Management (the "Property Management Agreement"), pursuant to which Donghu Branch of Wuhan Lido Property Management agreed to provide certain property management services to Wuhan Future City Asset Management. The more salient terms of this agreement are as follows:-

Property	Tower 3 and 4, District A04, Longshan Innovation Park (Phase 1), Wuhan Future Technology City (武漢未來科技城龍山創新園一期A04區3、4號樓), which is located at No. 999, Gaoxin Avenue, Donghu High Technology Region, Wuhan (武漢市東湖高新區高新大道999號), consisting of office area of approximately 28,476 sq.m. and ancillary commercial area of approximately 5,520 sq.m.
Scope of services	1. Integrated services: providing customer services, reception and conference services; establishing 24-hour shift duty system; setting up service hotlines and accepting collection and feedbacks on information such as reporting for repair, enquiries, requests and suggestions from other parties in relation to property management services and making timely response; and maintaining review system and records. 2. Equipment management: conducting inspections, checks, repairs and maintenance of equipment such as electricity supply systems, fire services systems and water supply and drainage systems inside and outside the buildings; and formulating contingency plans for relevant emergencies. 3. Facilities management: conducting repairs and maintenance of roads, fire services equipment, water pipes, sewage and rainwater pipes and trenches, pools and wells.

4. Hygiene and sanitation: cleaning public roads; and conducting regular environmental control measures such as mice and pest control on the periphery of the parks.

5. Greenery management: maintaining and managing public green areas, plants and horticultural structures.

6. Order maintenance: maintaining order inside and outside the buildings; setting up shift duty system for fire safety; implementing traffic and vehicle management; managing supervision and control system outside the buildings and internal access control system; and formulating contingency measures for relevant emergencies.

7. Managing property-related information including construction drawings as well as completion inspection and acceptance information.

8. Other matters to be managed by the property management company as required by laws, regulations and policies.

Term — 2 years commencing from November 28, 2012

Fee

- Management fee in the amount of RMB4.5 per sq.m. per month – payable by wire quarterly;

- Disbursement of internal/external building preparation expenses, material procurement expenses and employment expenses for ad hoc events – payable quarterly according to the actual amount incurred;

- Management fee for vacant properties in an amount to be negotiated.

(b) Connected Person

Wuhan Future City Asset Management is an associate of Hubei Science & Technology Investment as it is wholly-owned by Hubei Science & Technology Investment. It is therefore our connected person.

(c) Historical Figures

The following table sets forth the transaction amount paid by Wuhan Future City Asset Management to Donghu Branch of Wuhan Lido Property Management during the Track Record Period:

For the year ended December 31,			For the nine months ended September 30,
2010	**2011**	**2012**	**2013**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Nil	Nil	679	1,051

(d) Annual Caps

The annual transaction amount payable by Wuhan Future City Asset Management to Donghu Branch of Wuhan Lido Property Management under the Property Management Agreement for the year ending December 31, 2014 shall not exceed the cap of RMB3,672,000.

In arriving at the above annual cap, our Directors have considered (i) the historical transaction amount paid by Wuhan Future City Asset Management to Donghu Branch of Wuhan Lido Property Management; (ii) the management fee receivable under the Property Management Agreement; (iii) an increase of 100% of the gross floor area to be managed by us in 2014. The table below sets out the gross floor area managed by us in 2012 and 2013, and the expected gross floor area to be managed by us in 2014:

For the years ending December 31,		
2012	**2013**	**2014**
sq.m. ('000)	*sq.m. ('000)*	*sq.m. ('000)*
34	34	68

The expected increase in the gross floor area to be managed by us is estimated based on the actual completed gross floor area as of December 31, 2010, 2011 and 2012 and September 30, 2013 (as shown below), and the expected gross floor area of 545,000 sq.m. to be completed as of December 31, 2014:

Actual completed gross floor area

As of December 31,			**As of September 30,**
2010	**2011**	**2012**	**2013**
sq.m. ('000)	*sq.m. ('000)*	*sq.m. ('000)*	*sq.m. ('000)*
Nil	Nil	17	226

(e) Hong Kong Listing Rules Implications

As the highest applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the above annual caps is expected to be more than 0.1% but less than 5% and the transactions are on normal commercial terms, the transactions under the Property Management Agreement will be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Rule14A.34 of the Hong Kong Listing Rules.

2. Entrusted construction services provided by us

(a) Background

We provide entrusted construction services to Wuhan Future Science & Technology City Investment Construction Co., Ltd. (武漢未來科技城投資建設有限公司) ("Wuhan Future City") and to Wuhan Optics Valley Bio-industry Base Construction Investment Co., Ltd. (武漢光谷生物產業基地建設投資有限公司) ("Wuhan Bio-industry Construction"), respectively. We were entrusted by Wuhan Future City and Wuhan Bio-industry Construction to provide construction services to them because we have achieved a track record of successful construction of similar projects in the past. In summary, we were paid a certain amount of commission and bonus (if certain criteria are met) for carrying out the construction and Wuhan Future City and Wuhan Bio-industry Construction bear all costs in relation to the construction (including material costs). Please see below for further details of the entrusted construction agreements.

(i) Entrusted Construction Agreement with Wuhan Future City

On October 19, 2010, Wuhan Optics Valley Union entered into an entrusted construction agreement with Wuhan Future City (the "Entrusted Construction Agreement with Wuhan Future City"), pursuant to which Wuhan Optics Valley Union agreed to provide certain entrusted construction services to Wuhan Future City. The more salient terms of this agreement are as follows:

Projects	Wuhan Future Technology City Qibu Region Phase 1 (武漢未來科技城起步區一期), located in the north of Gaoxin Avenue and the west of Outer Ring Route (the "Project").
Investment amount of the Project	RMB1,800 million
Size of the Project	Gross construction area of approximately 450,000 sq.m.

Scope of services	Construction services for the entire process from obtaining project planning permit till the delivery for usage upon project completion and qualified acceptance as well as quality assurance period (including project construction services for the entire process beginning from preliminary construction procedures and submission for approval such as conceptual planning, construction plan design, planning, commencement, feasibility and environment assessment, to project completion, qualified acceptance and filing, as well as delivery for usage and construction during maintenance period). In particular, we are responsible for the following:

1. the preparation of project construction management as well as project organization and design. Establish a whole set of project construction management system and structure for all aspects including project targets, organizational structure, proposal planning, implementation strategies, formulation of procedures, project control and project assessment, and be responsible for organization, implementation and optimization.

2. Conduct work planning and plan analysis for all stages of the project, and provide advices on implementation, and organize and implement specific assessment as necessary.

3. Jointly conduct relevant procedures with Wuhan Future City in the course of project construction, such as obtaining planning permit and documents review.

4. Propose construction design requirements, organize the review on construction design plan and organize design units to optimize the construction design.

5. Select the best design plan based on technical and economic analysis approaches and value construction approach, and conduct investment control; establish various procurement management procedures, organize the tendering for construction surveying, design, supervision, construction, materials, equipment, furniture and their ancillary procurement, etc.; organize the parties thereto and general construction contractor or construction units to enter into tripartite contract with construction materials, equipment and components suppliers, and supervise its implementation.

6. Establish a comprehensive construction pricing management system and procedure, and provide technical consultation and advices for the owner in the course of construction pricing management. Propose the construction implementation expense plan for the review and approval by Wuhan Future City, audit construction progress fees and construction modification price, preliminarily audit the settle (final) account for the construction and provide the calculation basis for the preparation of construction list.

7. Provide file management for the entire process of the whole project: establish project file management standards, be responsible for the collection, arrangement, classification and transfer of all documents of the project construction, and conduct checks and audit on the capital to ensure the truthfulness, completeness and accuracy of the capital.

8. Participate and organize project completion and acceptance management as well as materials filing, and participate in and organize subsequent evaluation on projects.

9. Other works as agreed in the project construction management contract.

Commission payable to us	• Estimated to be RMB27 million (being 1.5% of the total investment cost of the Project which was estimated to be RMB1.8 billion). The commission will be adjusted at settlement which is calculated based on 1.5% of the final total investment cost of the Project. • 80% of the tentative price is payable in monthly installments of RMB0.6 million per month in accordance with the anticipated construction stages of the project from the commencement date of project construction.
Guarantee payment	To secure our performance under the agreement, we are required to pay 5% of our commission to Wuhan Future City as guarantee payment.
Bonus commission	• The bonus is calculated based on 15% of the difference between the total investment amount actually incurred for construction (excluding land acquisition expenses and loan interest for the construction period) and the budgeted total investment amount (excluding land acquisition expenses and loan interest for the construction period). • Payable within 7 days upon the confirmation by Wuhan Future City on completion. • For completion of the entire project ahead of schedule, Wuhan Future City will give us a reward of RMB5,000 per day. • For major construction (with unit construction of over 25,000 sq.m.), those with quality conferred provincial award would be rewarded 2% of the unit construction price, and those conferred national award would be awarded 3% of the unit construction price, and we could receive one-third of the above rewards.

Payment of project fees

- Within ten working days after the date when the contract is signed, Wuhan Future City shall pay RMB5 million to us as the project commencement capital for project design and site clearance, tentative roads as well as electricity and water supply, etc.

- Wuhan Future City shall, in accordance with the agreed payment time under the construction contract and procurement contracts for materials, equipment and components, appropriate the construction funds payable to us in the following ratio 30 days in advance, who would pay the construction funds as appropriated by Wuhan Future City to the contractors or suppliers in accordance with relevant requirements to ensure the implementation of the construction plan:

  ➢ construction progress fees: pay the construction funds amounting to 70% of the construction completion progress fees on a monthly basis;

  ➢ construction completion fees: pay up to 85% of the contracted price upon the completion and qualified acceptance of housing;

  ➢ final construction fees: pay up to 95% of the final fees upon the final audit;

  ➢ remainders: remaining amount of approximately 5% of the final audited price, which is interest-free and payable within 7 working days upon the expiry of the construction maintenance period; performance guarantees, which is interest-free and payable within 7 working days from the date of completion and qualified acceptance of the project;

- ➢ we would pay other professional design and construction fees such as water, power supply, gas, fire services and telecommunication (including broadband) in accordance with the requirements of professional authorities after the relevant sum has been apportioned to us. The specific fees shall be determined by relevant professional authorities.

(ii) Entrusted Construction Agreements with Wuhan Bio-industry Construction

On December 22, 2008, Wuhan Optics Valley Union entered into an entrusted construction agreement with Wuhan Bio-industry Construction which is supplemented by an agreement entered into by the same parties dated December 1, 2010 (together, the "Entrusted Construction Agreements with Wuhan Bio-industry Construction"), pursuant to which Wuhan Optics Valley Union agreed to provide certain entrusted construction services to Wuhan Bio-industry Construction. The more salient terms of the Entrusted Construction Agreements with Wuhan Bio-industry Construction are as follows:-

Project	Wuhan National Bio-Industry (Nine-Pinnacle Innovation) Base located in the area within west to Optic Valley Third Road, south to Gaoxin Road, north to Erfei Hill in Sanxing Village, Nine-Pinnacle Village, Hongshan District, Wuhan ("Project II").
Investment amount of the Project	Approximately RMB2,700 million
Size of the Project	Site area of approximately 1,326 mu and gross construction area of approximately 800,000 sq.m.

Scope of services	Construction services for the entire process from obtaining project planning permit till the delivery for usage upon project completion and qualified acceptance as well as quality assurance period (including project construction services for the entire process beginning from preliminary construction procedures and submission for approval such as conceptual planning, construction plan design, planning, commencement, feasibility and environment assessment, to project completion, qualified acceptance and filing, as well as delivery for usage and construction during maintenance period). In particular, we are responsible for the following: 1. the preparation of project construction management as well as project organization and design. Establish a whole set of project construction management system and structure for all aspects including project targets, organizational structure, proposal planning, implementation strategies, formulation of procedures, project control and project assessment, and be responsible for organization, implementation and optimization. 2. Conduct work planning and plan analysis for all stages of the project, and provide advices on implementation, and organize and implement specific assessment as necessary. 3. Jointly conduct relevant procedures with Wuhan Bio-industry Construction in the course of project construction, such as obtaining planning permit and documents review. 4. Propose construction design requirements, organize the review on construction design plan and organize design units to optimize the construction design.

5. Select the best design plan based on technical and economic analysis approaches and value construction approach, and conduct investment control; establish various procurement management procedures, organize the tendering for construction surveying, design, supervision, construction, materials, equipment, furniture and their ancillary procurement, etc.; organize the parties thereto and general construction contractor or construction units to enter into tripartite contract with construction materials, equipment and components suppliers, and supervise its implementation.

6. Establish a comprehensive construction pricing management system and procedure, and provide technical consultation and advices for the owner in the course of construction pricing management. Propose the construction implementation expense plan for the review and approval by Wuhan Bio-industry Construction, audit construction progress fees and construction modification price, preliminarily audit the settle (final) account for the construction and provide the calculation basis for the preparation of construction list.

7. Provide file management for the entire process of the whole project: establish project file management standards, be responsible for the collection, arrangement, classification and transfer of all documents of the project construction, and conduct checks and audit on the capital to ensure the truthfulness, completeness and accuracy of the capital.

8. Participate and organize project completion and acceptance management as well as materials filing, and participate in and organize subsequent evaluation on projects.

9. Other works as agreed in the project construction management contract.

Commission payable to us	• Estimated to be RMB40.5 million (being 1.5% of the total investment cost of the Project II which was estimated to be RMB2,700 million). The commission will be adjusted at settlement which is calculated based on 1.5% of the final total investment cost of the Project II. • 80% of the tentative price is payable in monthly installments of RMB0.7 million per month in accordance with the anticipated construction period of the Project II from the commencement date of project construction.
Guarantee payment	To secure our performance under the agreement, we are required to pay 5% of our commission to Wuhan Bio-industry Construction as guarantee payment.
Bonus commission	• The bonus is calculated based on 15% of the difference between the total investment amount actually incurred for construction (excluding land acquisition expenses and loan interest for the construction period) and the budgeted total investment amount (excluding land acquisition expenses and loan interest for the construction period). • Payable within 7 days upon the confirmation by Wuhan Bio-industry Construction on completion. • For completion of the entire project ahead of schedule, Wuhan Bio-industry Construction will give us a reward of RMB5,000 per day. • For major construction (with unit construction of over 25,000 sq.m.), those with quality conferred provincial award would be rewarded 2% of the unit construction price, and those conferred national award would be awarded 3% of the unit construction price, and we could receive one-third of the above rewards.

Payment of project fees

- Within ten working days after the date after the contract is signed, Wuhan Bio-industry Construction shall pay RMB5 million to us as the project commencement capital for project design and site clearance, tentative roads as well as electricity and water supply, etc.

- Wuhan Bio-industry Construction shall, in accordance with the agreed payment time under the construction contract and procurement contracts for materials, equipment and components, appropriate the construction funds payable to us in the following ratio 5 days in advance, who would pay the construction funds as appropriated by Wuhan Bio-industry Construction to the contractors or suppliers in accordance with relevant requirements to ensure the implementation of the construction plan:

  - ➢ construction progress fees: pay the construction funds amounting to 70% of the construction completion progress fees on a monthly basis;

  - ➢ construction completion fees: pay up to 85% of the contracted price upon the completion and qualified acceptance of housing;

  - ➢ final construction fees: pay up to 95% of the final fees upon the final audit;

  - ➢ remainders: remaining amount of approximately 5% of the final audited price, which is interest-free and payable within 7 working days upon the expiry of the construction maintenance period; performance guarantees, which is interest-free and payable within 7 working days from the date of completion and qualified acceptance of the project;

➢ we would pay other professional design and construction fees such as water, power supply, gas, fire services and telecommunication (including broadband) in accordance with the requirements of professional authorities after the relevant sum has been apportioned to us. The specific fees shall be determined by relevant professional authorities.

(b) Connected Person

Wuhan Future City is an associate of Hubei Science & Technology Investment as it is wholly-owned by Hubei Science & Technology Investment. It is therefore our connected person.

Wuhan Bio-industry Construction is an associate of Hubei Science & Technology Investment as it is owned by Hubei Science & Technology Investment as to 77.66%. It is therefore our connected person.

(c) Historical Figures

The following table sets forth the transaction amount under the Entrusted Construction Agreement with Wuhan Future City incurred by Wuhan Optics Valley Union during the Track Record Period:

For the year ended December 31,			For the nine months ended September 30,
2010	**2011**	**2012**	**2013**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Nil	4,381	6,705	4,562

The following table sets forth the transaction amount under the Entrusted Construction Agreements with Wuhan Bio-industry Construction incurred by Wuhan Optics Valley Union during the Track Record Period:

For the year ended December 31,			For the nine months ended September 30,
2010	**2011**	**2012**	**2013**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
7,848	7,719	7,832	5,322

(d) Annual Caps

The Project and Project II are expected to be completed by June 2016 and December 2015, respectively. In the event that the Project and Project II were not completed by 2016, our Company will comply with the relevant requirements under the Hong Kong Listing Rules, including but not limited to the reporting, announcement and independent shareholders' approval requirements (as the case may be) under Chapter 14A of the Hong Kong Listing Rules. The annual transaction amount payable by Wuhan Future City and Wuhan Bio-industry Construction, respectively to Wuhan Optics Valley Union under the Entrusted Construction Agreement with Wuhan Future City and under the Entrusted Construction Agreements with Wuhan Bio-industry Construction, respectively for the year ending December 31, 2014, 2015 and 2016 shall not exceed the caps set out below on an aggregated basis:

	Entrusted Construction Agreement with Wuhan Future City	**Entrusted Construction Agreements with Wuhan Bio-industry Construction**	**Total**
Annual Caps for the year ending December 31, 2014 *(RMB'000)*	5,590	7,500	13,090
2015 *(RMB'000)*	5,590	7,500	13,090
2016 *(RMB'000)*	2,796	–	2,796
Basis for calculating the annual caps	our Directors have considered (i) the historical transaction amount paid by Wuhan Future City to Wuhan Optics Valley Union; (ii) the monthly installment of RMB0.6 million payable pursuant to the Entrusted Construction Agreement with Wuhan Future City; and (iii) the total management fee of RMB27 million (being 1.5% of the total investment cost of the project which was estimated to be RMB1.8 billion) payable pursuant to the Entrusted Construction Agreement with Wuhan Future City.	our Directors have considered (i) the historical transaction amount paid by Wuhan Bio-industry Construction to Wuhan Optics Valley Union; (ii) the monthly installment of RMB0.7 million pursuant to the Entrusted Construction Agreements with Wuhan Bio-industry Construction; and (iii) the total management fee of RMB40.5 million (being 1.5% of the total investment cost of the Project which was estimated to be RMB2,700 million) payable pursuant to the Entrusted Construction Agreements with Wuhan Bio-industry Construction.	

(e) Hong Kong Listing Rules Implications

As the highest applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the above annual caps of the Entrusted Construction Agreement with Wuhan Future City and the Entrusted Construction Agreements with Wuhan Bio-industry Construction, on an aggregated basis, is expected to be more than 0.1% but less than 5% and the transactions are on normal commercial terms, the transactions under the Entrusted Construction Agreement with Wuhan Future City and the Entrusted Construction Agreements with Wuhan Bio-industry Construction will be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Rule14A.34 of the Hong Kong Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

We have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted us, waivers from strict compliance with the announcement requirements under the Hong Kong Listing Rules in respect of each of these transactions, subject to the following conditions:

1. the aggregate value of each of these continuing connected transactions for each financial year not exceeding the relevant annual cap amount set forth above; and

2. we will fully comply with the requirements under Chapter 14A of the Hong Kong Listing Rules for transactions conducted after December 31, 2016.

CONFIRMATION FROM THE SPONSOR AND THE DIRECTORS

The Sponsor and our Directors (including our independent non-executive Directors) are of the view that, (i) the continuing connected transactions set out above have been entered into in the ordinary and usual course of business of our Company, on normal commercial terms and are fair and reasonable and in the interest of our Shareholders as a whole, and (ii) the proposed annual caps for these continuing connected transactions referred to above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

OVERVIEW

Immediately after completion of the Capitalization Issue and the Global Offering (excluding any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), AAA Finance, Lidao BVI, Qianbao BVI, Hengxin PTC and Technology Investment HK will be respectively holding 44.693%, 3.000%, 7.301%, 8.009% and 11.998% of our Company's issued share capital. AAA Finance and Lidao BVI are directly wholly owned by Mr. Huang Liping. Accordingly, each of AAA Finance, Lidao BVI and Mr. Huang Liping will be our Controlling Shareholders upon Listing.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each of our Directors and our Controlling Shareholders has confirmed that, as of the Latest Practicable Date, none of them or any of their respective associates had interests in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group can function, operate and carry on our business independently from our Controlling Shareholders based on the following reasons:

Management Independence

Our Board will be comprised of three executive Directors, two non-executive Directors and three independent non-executive Directors upon Listing.

On the basis of the following reasons, our Directors consider that our Board is able to perform and manage our business independently from the Controlling Shareholders:

(a) our Board comprises eight Directors and three of them are independent non-executive Directors, which represents more than one-third of the members of the Board. This is in line with or better than the requirements under the Hong Kong Listing Rules. With over one-third of our Board members are independent non-executive Directors, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving conflict of interest and protect the interests of our independent Shareholders;

(b) our Board is supported by an experienced full time management team. We have the capabilities and personnel to perform all essential administrative functions, including financial and accounting, human resources, business management and research and development on a stand-alone basis;

(c) each Director is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(e) connected transactions between our Group and our Controlling Shareholders or their respective associates are subject to the requirements under the Hong Kong Listing Rules, including the requirements of reporting, announcement and independent Shareholders' approval (where applicable).

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently and manage our business independently from the Controlling Shareholders after Listing.

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent of our Controlling Shareholders and their respective associates after Listing:

(a) we are not reliant on trademarks owned by our Controlling Shareholders, or by other companies controlled by our Controlling Shareholders other than the "Qianbao" trademark, which is set out in more details in the subsection headed "Connected Transactions – Continuing Connected Transactions – Continuing connected transactions exempt from reporting, annual review, announcement and independent shareholders' approval requirements – 1. Trademark License Agreement" in this prospectus. Wuhan Qianbao Property has agreed to transfer the "Qianbao" trademark at a consideration of RMB10,000 to our Group pursuant to a trademark transfer agreement dated August 30, 2013. As of the Latest Practicable Date, application has been made to transfer the "Qianbao" trademark from Wuhan Qianbao Property to the Group. It is expected that such transfer will be completed after Listing;

(b) we are the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;

(c) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments;

(d) save for the continuing connected transactions set out in the section headed "Connected Transactions" in this prospectus, our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders or their respective associates upon or shortly after Listing; and

(e) none of our Controlling Shareholders and their respective associates has any interest which competes or is likely to compete with the business of our Group. AAA Finance is a holding company and does not carry on any business other than holding the equity interests in our Company.

Financial Independence

We have our own accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and we make financial decision according to our own business needs. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date, none of the Controlling Shareholders or their respective associates had provided any guarantee to our Group save for the guarantee set forth in note 37 to the Accountants' Report. Our Directors confirm that save for a syndicated loan facility of RMB330,000,000 granted by two banks in the PRC in April 2012 for a term of 13 years at a floating interest rate of 10% above the 5 years RMB loan benchmark interest rate published by the PBOC at the time of drawdown (the "Loan"), which was guaranteed by Mr. Huang Liping and his spouse (the "Guarantee"), all such other guarantee will be released prior to Listing. In respect of the Guarantee, our directors are of the view that it is impractical and not in the best interests of our Company and our Shareholders as a whole to replace the Guarantee or refinancing the Loan for the following reasons:

- The branch of one of the banks granting the Loan, being the handling branch of the Loan and the Guarantee, has confirmed in its letter dated May 15, 2013 that the Guarantee was required for the sole purpose of ensuring that the actual control of Wuhan Optics Valley Union remains unchanged during the loan period, or any such change would not be made without prior written consent from the bank. It was not for the purpose of credit enhancement for the Loan with the assets of Mr. Huang Liping and his spouse.

- Our Group has obtained other loan facilities without any guarantee or other financial support from our Controlling Shareholders. As of the Latest Practicable Date, we have obtained loan facilities in the aggregate amount of approximately RMB3 billion, among which approximately 11.0% comes from the Loan and the remaining comes from loan facilities without any guarantee or other financial support from our Controlling Shareholders. It demonstrates that our Group is able to obtain financing independently without the financial support from our Controlling Shareholders.

- As set out in the subsection headed "Financial Information – Corporate Bond Issuances" in this prospectus, we issued a corporate bond of RMB600 million in October 2013 to, among others, replace our short-term loans. We also intend to issue a short-term corporate bond in an aggregate amount of RMB400 million to fund our general working capital. The National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) has already registered our application to issue the short-term corporate bond in September 2013. As of the Latest Practicable Date, short-term corporate bonds of RMB70 million had been issued to the subscribers. These bonds were/will be issued by us independently without relying on any financial assistance from our Controlling Shareholders. The approval for issuance of these bonds and the subsequent issue of the corporate bonds further demonstrate that we are in a position to obtain financing without any reliance on our Controlling Shareholders.

- In light of the RMB600 million bond and the RMB7.0 million short-term corporate bonds issued and the RMB330 million bond to be issued, we are capable to repay the Loan. We intend to first repay the loan facilities with higher financing costs. Further, a replacement of the Guarantee would require renegotiation of the existing facility agreement. The Loan was granted to Wuhan Optics Valley Union in April 2012 for a term of 13 years for financing the Creative Capital (創意天地) Project. The Creative Capital Project is still in the early stage of development and it is expected that the project will be completed in June 2015. Any renegotiation could affect the repayment terms of the existing loan facility, which would, in turn, adversely affect the normal operation and development of the Creative Capital Project and delay the completion timetable. Further, any renegotiation will impose additional costs on our Group, including manpower and legal costs which would not be beneficial to our operation and our Shareholders as a whole. In addition, if we were to renegotiate the terms of the facility agreement, the new terms may not be as favorable as the Loan.

- If we were to terminate the Guarantee without the lenders' consents, the lenders could cancel the unutilized loan, declare all outstanding loans to be immediately due and require us to immediately repay all outstanding principal, interest on the loan and other sums payable and to pay damages according to the terms of the loan facility. As of the Latest Practicable Date, the loan facility of RMB330,000,000 under the Loan has been completely drawdown. In order to repay the outstanding loan, we would need to refinance the Loan with other loan facilities from another bank, which will impose additional costs on our Group, including manpower and legal costs. In addition, the terms of any new loan facilities may not be as favorable as the Loan.

- We have obtained a letter of intent from a bank in Hubei dated August 28, 2013, which indicated that it intends to provide a loan facility of RMB400 million to the Group to finance the Creative Capital Project which will not require the guarantee from Mr. Huang Liping and will be secured by the assets of the project. Such intention is valid until August 28, 2015. In case we proceed to apply for that RMB400 million loan facility, approval of loan facility will be subject to applicable laws and regulations, relevant state approvals for the Creative Capital Project and the bank's internal procedures.

Based on the above reasons, the Company considers that it is not in the interests of our Group and our Shareholders as a whole and not commercially viable to replace the Guarantee or refinance the Loan as the Company would need to spend a considerable amount of time, effort and costs while the terms of any new facilities would most likely be less favorable compared to that of the Loan. As our Group is able to obtain most of our loan facilities without the guarantee or other financial support from our Controlling Shareholders, our Directors are satisfied that our Group will be financially independent of our Controlling Shareholders and any of their respective associates upon Listing.

Further, during the Track Record Period and as of the Latest Practicable Date, the Group has certain outstanding balances due from/to the associates of our Controlling Shareholders, details of which are set forth in note 37 to the Accountants' Report. Our Directors confirm that all outstanding balances due from/to the associates of our Controlling Shareholders will be fully settled prior to Listing. Save for the Guarantee set out above, there will be no financial assistance, security or guarantee provided by our Controlling Shareholders or their respective associates in favor of our Group or vice versa upon Listing.

NON-COMPETITION UNDERTAKING

For the purpose of Listing, our Controlling Shareholders (collectively, the "Covenantors" and each, a "Covenantor") have entered into a deed of non-competition undertakings dated March 14, 2014 in favor of our Company (the "Non-competition Deed"), pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that save for business disclosed in this prospectus, at any time during the Relevant Period (as defined below), the Covenantor shall not, and shall procure that its/his associates (other than members of our Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the "Restricted Business").

The above restrictions do not prohibit any of the Covenantors and its/his associates (excluding members of our Group) from holding securities of any company which conducts or is engaged in any Restricted Business, provided that:

(i) the aggregate number of shares held by the Covenantors and their respective associates (excluding members of our Group) is less than 10% of the issued shares of that class of such company; and

(ii) such investment or interest does not grant, nor does any of the Covenantors or his/its associates (excluding members of our Group) otherwise hold, any right to control the composition of the board of directors or managers of such Restricted Business nor any right to participate, directly or indirectly, in such Restricted Business.

Under the Non-competition Deed, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

(i) the Covenantors shall provide, and shall procure their associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors' and their associates' (other than members of our Group) compliance with the Non-competition Deed, and to enable the independent non-executive Directors to enforce the Non-competition Deed;

(ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Non-competition Deed;

(iii) the Covenantors have agreed and authorized us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-competition Deed, either through our annual report or by way of public announcement;

(iv) during the Relevant Period (as defined below), in the event that the Covenantors or their associates (excluding members of our Group) are given any business opportunity that is or may directly or indirectly constitute a Restricted Business, the Covenantors shall, and shall procure that their associates, inform us of such opportunity in writing with all information available to them as soon as practicable and shall use its/his best endeavors to assist us in obtaining such business opportunity on the same or more favorable terms;

(v) in the event that the Board (including all independent non-executive Directors but excluding any Directors with conflicted interests) decides that our Group should not take up such business opportunity as referred to in (iv) above within a commercially reasonable period, the Covenantors and their associates (excluding members of our Group) may take up such business opportunity and the involvement in the business derived from such business opportunity shall not be regarded as a breach of the Non-competition Deed; and

(vi) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Non-competition Deed by the Covenantors or any of their respective associates.

Our Company will disclose the decisions with basis on matters reviewed by the independent non-executive Directors relating to the compliance with and enforcement of the Non-competition Deed either in the annual report of our Company or by way of announcement to the public.

For the purposes of the above, the “Relevant Period” means the period commencing from the Listing Date and shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Hong Kong Listing Rules to constitute a controlling shareholder) of the issued ordinary share capital of our Company; or (ii) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange (except for temporary suspension of trading of the Shares).

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business, and consists of eight Directors including three executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth certain information in respect of the members of our Board:

Name	Age	Year of joining	Position	Date of appointment as Director
HUANG Liping (黃立平)	52	1998	Chairman, President and Executive Director	July 15, 2013
HU Bin (胡斌)	45	1997	Executive President and Executive Director	March 6, 2014
CHEN Huifen (陳惠芬)	51	2005	Vice President and Executive Director	March 6, 2014
LU Jun (盧俊)	53	2008	Non-executive Director	March 6, 2014
SHU Chunping (舒春萍)	51	2005	Non-executive Director	March 6, 2014
QI Min (齊民)	63	2014	Independent non-executive Director	Listing Date
LEUNG Man Kit (梁民傑)	60	2014	Independent non-executive Director	Listing Date
ZHANG Shuqin (張樹勤)	60	2011	Independent non-executive Director	Listing Date

Executive Directors

Mr. Huang Liping (黃立平), aged 52, is an executive Director, the chairman of our Board, the president of our Group and the chairman of our nomination committee. Mr. Huang is our ultimate Controlling Shareholder. Mr. Huang was appointed as a Director on July 15, 2013. He is responsible for our overall strategy, business and investment planning.

Mr. Huang has 20 years of experience in business management. He was one of the founders of Hongtao K Group Company Limited* (紅桃開集團股份有限公司) and served as its vice president from 1993 to 1996. He also served as a director and the chairman of the board of Wuhan East Lake High Technology, a company listed on Shanghai Stock Exchange (stock code: 600133), from April 1996 to October 1998 and from October 1998 to February 2005, respectively. Mr. Huang was the vice chairman of Wuhan United Real Estate from September 1998 to December 2002 and has been the chairman of the board of Wuhan United Real Estate since December 2002. He has been the chairman of the board of Wuhan Optics Valley Union since June 2005.

Besides his role in our Group, Mr. Huang is involved in various governmental advisory bodies and associations, including being:

- Vice President of Wuhan General Chamber of Commerce (武漢市總商會副會長);
- Vice President of Wuhan Enterprises Association (武漢市企業聯合會副會長); and
- Vice President of Wuhan Real Estate Association (武漢市房地產開發企業協會副會長).

Mr. Huang received various honors, awards and recognitions for his contributions to the society, including:

- Award for Wuhan's Outstanding Entrepreneurial Youth in Technology (武漢傑出科技青年創業獎) jointly granted by Wuhan City Committee of the Communist Youth League, CPC Wuhan Municipal Party Organization Department, Wuhan Science and Technology Committee, Wuhan City Human Resources Bureau and Wuhan Youth Federation (共青團武漢市委員會、中共武漢市委組織部、武漢市科學技術委員會、武漢市人事局及武漢市青年聯合會);
- Award of Model Workers (勞動模範) granted by Wuhan Municipal Government (武漢市人民政府);
- one of the Top Ten Persons in Wuhan Real Estate Sector (武漢地產十大風雲人物) recognized by Changjiang Daily, Residential Achievements Expo Committee of Hubei Province (長江日報社湖北省住宅成果博覧組委會);
- Medal of May Day Honorable Workers in Hubei Province (湖北五一勞動獎章) granted by Hubei Provincial Federation of Trade Unions (湖北省總工會);
- Hubei Outstanding Entrepreneurs for Year 2002 (Golden Bull Award) (2002年度湖北省優秀企業家(金牛獎)) jointly granted by Hubei Business Association and Hubei Entrepreneurs Association (湖北省企業聯合會及湖北省企業家協會);
- Star of Wuhan Charity and Public Interest Affairs (武漢慈善公益之星) jointly granted by the Propaganda Department of CPC Wuhan Municipal Party Committee and the Civil Affairs Department of Wuhan Municipal Government (中共武漢市委宣傳部及武漢市民政局); and
- expert with special allowance (特殊津貼專家) of the State Council, a cash award in recognition of Mr. Huang's contributions to the society.

Mr. Huang received his bachelor's degree in vessels and ports electrification (船舶港口電氣化) from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan Institute of Water Transportation Engineering (武漢水運工程學院)) in July 1983 and his double bachelor's degree in law from Central China Normal University (華中師範大學) in June 1986. He was granted the qualification as professor in economics management (經濟管理) by Wuhan MHRB in September 1996 and the real estate appraiser (房地產估價師) by MOC in January 1997.

Mr. Hu Bin (胡斌), aged 45, is an executive Director, the executive president of our Group and a member of our remuneration committee. He was appointed as a Director on March 6, 2014. Mr. Hu is responsible for assisting the president of our Group on overall business operation and management.

Mr. Hu has 16 years of experience in business management. Mr. Hu joined our Group in 1997 and has been a vice general manager and a director of Wuhan United Real Estate since then.

Mr. Hu graduated from Hubei University of Economics (湖北經濟學院) (formerly known as Hubei Planning and Management Cadres College (湖北省計劃管理幹部學院)) in the bachelor's program of national economic management (國民經濟管理) in July 2000 and from South-Central University for Nationalities (中南民族大學) in the master's program of China's ethnic economy (中國少數民族經濟) in June 2003. He was granted the qualification as a senior economist in real estate by Hubei Accreditation Committee of the Senior Titles in Economics (Wuhan) (湖北省經濟專業(武漢)高評會) in June 2011. Mr. Hu received the awards of One of the China Real Estate Top 100 (中國房地產百傑) in 2006 and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) in April 2012.

Ms. Chen Huifen (陳惠芬), aged 51, is an executive Director and the vice president of our Group. Ms. Chen was appointed as a Director on March 6, 2014. She is responsible for the cost control center (成本管理中心) of our Group, the project department of Wuhan Hi-tech Medical Devices Business Park (武漢高科醫療器械園項目部), the project department of Wuhan Future Technology City (武漢未來科技城項目部) and the project department of Optics Valley Energy Conservation Science Park (光谷節能科技園項目部).

Ms. Chen joined our Group in August 2005 and was the vice general manager of Wuhan Optics Valley Union (formerly known as Huazhong Shuguang Software Garden Co., Ltd. (華中曙光軟件園有限公司)), from 2005 to March 2008 and has been a vice president of Wuhan Optics Valley Union since April 2008. Before joining our Group, she worked at Wuhan City Third Construction Engineering Co., Ltd.* (武漢市第三建築工程公司) from 1980 to 1987, Wuhan City Comprehensive Development General Co., Ltd.* (武漢市城市綜合開發總公司) from 1987 to 1994 and Wuhan East Lake High Technology from 1994 to 2005.

Ms. Chen received her college diploma (專科) in industrial enterprise operation management (工業企業經營管理) from Wuhan City University of Broadcast and Television (武漢市廣播電視大學) in July 1986 and graduated from the Party School of the Central Committee of Hubei Province (中共湖北省黨校) in economics management (經濟管理) (a training program) in February 2001. She was granted the qualification as a senior engineer (正高職高級工程師) by the Vocational Reform Office of Hubei Province (湖北省職改辦) in October 2009, an international senior project manager by the Project Management Research Committee and the International Project Management Association in January 2008, a registered property valuer (註冊房地產估價師) by MOC in January 1997, and a senior engineer in cost engineering (工程造價高級工程師) by MOHURD in December 2009.

Non-executive Directors

Mr. Lu Jun (蘆俊), aged 53, is a non-executive Director appointed on March 6, 2014. Mr. Lu has 34 years of experience in business management. He joined our Group in September 2008 and has held various positions within our Group, including a supervisor of Wuhan Optics Valley Union from September 2008 to October 2010 and a director of Wuhan Optics Valley Union since October 2010 (including the vice chairman of its board since May 2011). Before joining our Group, he served as a clerk (科員), deputy section chief (副科長), section chief (科長) and vice director (副處長) of Wuhan Municipal Bureau of Finance (武漢市財政局) from March 1979 to June 1993 and the vice manager, the general manager and the chief of the General Manager Office (總經辦主任) of the Investment Department of Changfa Group's Wuhan Company (長發集團武漢公司投資部) from June 1993 to July 1999. He was the accountant in charge of (總會計師) the Development Corporation of Wuhan East Lake New Technology Development Zone Co., Ltd.* (武漢東湖新技術開發區發展總公司) from July 1999 to January 2001 and the vice general manager of Wuhan Hi-Tech Holding Group Co., Ltd.* (武漢高科國有控股集團有限公司) from January 2001 to November 2005. Mr. Lu served as the general manager of Hubei Science & Technology Investment from November 2005 to June 2008. From June 2008 to January 2012, Mr. Lu was the general manager of Hubei Science & Technology Investment and the chief (主任) in Productivity Promotion Center (生產力促進中心) of East Lake New Technology Development Zone (東湖新技術開發區). He was a director of Hubei Science & Technology Investment from August 2010 to November 2010. From November 2010 to March 2012, Mr. Lu was the vice chairman of the board and the general manager of Hubei Science & Technology Investment and also the chief (主任) of Land Reserve Center, East Lake New Technology Development Zone (東湖開發區土地儲備中心). Since March 2012, Mr. Lu has been the vice chairman of the board and the general manager of Hubei Science & Technology Investment.

Mr. Lu was granted the award as the outstanding Party affairs worker (優秀黨務工作者) by Wuhan Committee of the Communist Party of China (中國共產黨武漢市委員會) in June 2011.

Ms. Shu Chunping (舒春萍), formerly known as Shu Ru (舒茹), aged 51, is a non-executive Director appointed on March 6, 2014. She is a member of our audit committee and remuneration committee. She joined our Group in March 2005 and has been a director of Wuhan Optics Valley Union since then. Before joining our Group, she served as a technician and an engineer of Wuhan Piano Factory (武漢鋼琴廠) from July 1984 to February 1989, a chief (主任) in President Office (總裁辦) and a manager in the securities department of Wuhan Sante Cableway Group Co., Ltd.* (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002159), from May 1992 to July 1995 and the general manager of Wuhan Nanyang Catering & Entertainment Co., Ltd.* (武漢南陽美食娛樂有限公司) from May 1993 to February 1995. She served as a chief (主任) for preparatory office (籌備辦) of Wuhan Hi-Tech Holding Group Co., Ltd.* (武漢高科國有控股集團有限公司) from 1996 to 1997. From 1997 to December 2006, Ms. Shu was the board secretary, the head (總監) for investment management center and the vice general manager of Wuhan East Lake High Technology. Since December 2007, Ms. Shu has been the vice general manger of Hubei Science & Technology Investment.

Ms. Shu received her master's degree in politics and economics from Central China Normal University (華中師範大學) in December 1999.

Independent Non-executive Directors

Mr. Qi Min (齊民), aged 63, was appointed as our an independent non-executive Director appointed with effect from the Listing Date. Mr. Qi is the chairman of our remuneration committee, a member of our audit committee and a member of our nomination committee.

Mr. Qi worked in Hubei Provincial Bureau of Statistics (湖北省統計局) from August 1982 to October 1984 and general office (辦公廳) and research office (研究室) of Hubei Provincial Government (湖北省人民政府) from October 1984 to September 1996. He served as the chief (主任) of fiscal office (財經辦公室) of CPC Hubei Province (中共湖北省委) from September 1996 to September 1998 and a director and a vice general manager of Hubei Qingjiang Hydroelectric Development Co., Ltd.* (湖北清江水電開發有限責任公司) from September 1998 to May 2001. From May 2001 to July 2013, Mr. Qi was a chairman of board of Wuhan Sante Cableway Group Co., Ltd.* (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002159). He was appointed as a vice general manager and a director of Wuhan Hi-Tech Holding Group Co., Ltd.* (武漢高科國有控股集團有限公司) in July 2001 and April 2004, respectively, a vice president of Hubei Association of Economics (湖北省經濟學會) in December 2010 and a part-time professor of Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong University of Science (華中理工大學)) in September 1997.

Mr. Qi received his bachelor's degree in economics (經濟學) from Wuhan University (武漢大學) in August 1982 and received his doctor's degree in economics (經濟學) from Huazhong University of Science and Technology (華中科技大學) in June 2002. He was granted the qualification as a senior economist (高級經濟師) by the Human Resources Department of Hubei Province (湖北省人事廳) in April 1993. He was awarded as the China Outstanding Entrepreneur in Technology Companies (中國優秀民營科技企業家) in November 2002.

Mr. Leung Man Kit (梁民傑), aged 60, was appointed as our independent non-executive Director with effect from the Listing Date. Mr. Leung is the chairman of our audit committee and remuneration committee.

Mr. Leung held senior positions with Peregrine Capital Limited from January 1992 to December 1993, SG Securities (HK) Limited (formerly known as Crosby Securities (HK) Limited) from January 1994 to November 1997 and UBS, AG, Hong Kong Branch (formerly known as Swiss Bank Corporation, Hong Kong Branch) from December 1997 to September 1998. Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited, the principal advisor to the AIG Infrastructure Fund L.P., from February 1999 to August 2001, a director and responsible officer of Nuada Capital Limited (formerly known as Genesis Global Strategies Limited) from August 2002 to June 2004 and a corporate finance executive of BZR Capital Limited from December 2004 to March 2005.

Mr. Leung was appointed as a responsible officer of Chanceton Financial Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 8020), in May 2011 and has been an executive director of this company since September 2011. Mr. Leung was an independent non-executive director of Infoserve Technology Corp., a company listed on the Hong Kong Stock Exchange (stock code: 8077), from July 2002 to November 2003, an executive director of Cosmopolitan International Holdings Ltd, a company listed on the Hong Kong Stock Exchange (stock code: 0120), from June 2006 to December 2006, an independent non-executive director of Anhui Expressway Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 0995), from August 2005 to August 2011 and an independent non-executive director of Junefield Department Store Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0758), from December 2002 to May 2013.

Mr. Leung has been an independent non-executive director of NetEase (NASDAQ: NTES), a NASDAQ listed company, since July 2002, China Ting Group Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3398), since November 2005, Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1132), since February 2008 and China Huiyuan Juice Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1886), since June 2012.

Mr. Leung has 11 years of experience in financial management. He has been the chairman of the audit committee of various listed companies, including:

- NetEase since July 2002;
- Orange Sky Golden Harvest Entertainment (Holdings) Limited since February 2008; and
- China Huiyuan Juice Group Limited since June 2012.

Besides, Mr. Leung attended seminars in accounting or auditing, including:

- CPD seminar on "Coping with the latest corporate governance requirements" held by CPA Australia on March 6, 2012;
- SEC conference 2012: an Accounting & Reporting Update for US Listed Companies held by CPE Inc. from June 18, 2012 to June 19, 2012;
- Annual Regulatory Updates 2013 held by The Chamber of Hong Kong Listed Companies on February 21, 2013;
- SEC conference 2013: an Accounting & Reporting Update for US Listed Companies held by CPE Inc. from June 20, 2013 to June 21, 2013; and
- PwC Entrepreneur Forum "Growth in the new era" held by PwC on October 25, 2013.

Mr. Leung received his bachelor's degree in social science from the University of Hong Kong in October 1977.

Ms. Zhang Shuqin (張樹勤), aged 60, was appointed as our an independent non-executive Director with effect from the Listing Date. She is a member of our remuneration committee and nomination committee.

Ms. Zhang founded Hubei Dasheng Law Firm* (湖北大晟律師事務所) in 1995 and has been a managing partner (主任) of the firm since then. Hubei Dasheng Law Firm was engaged by a subsidiary of Hubei Science & Technology Investment as its legal compliance advisor with a term from May 2013 to May 2014. As confirmed by Ms. Zhang Shuqin, the legal fee received by Hubei Dasheng Law Firm* from such subsidiary is insignificant as compared to the firm's total revenue. Ms. Zhang was appointed as an independent non-executive director of Wuhan Optics Valley Union in April 2011 and has been an independent non-executive director of Wuhan Gaode Hongwai Group Company Limited* (武漢高德紅外股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002414), since January 2008. She was engaged as legal counsel by Wuhan Municipal Government in July 1992, an arbitrator by Wuhan Arbitration Commission (武漢仲裁委員會) in January 1997, a member of the Expert Advisory Committee of Wuhan Arbitration Committee (武漢仲裁委員會專家諮詢委員會) in November 1999 and a law enforcement supervisor (執法監督員) of Wuhan Municipal Politics and Law Committee (中國共產黨武漢市委員會政法委員會) in April 2002.

Ms. Zhang received her bachelor's degree in Chinese from Central China Normal University (華中師範大學) in January 1982. She was granted the qualification as a lawyer by Hubei Provincial Department of Justice (湖北省司法廳) in March 1984, the qualification as lawyer engaged in securities law jointly by Ministry of Justice P.R.C. (中華人民共和國司法部) and CSRC in July 1996 and the qualification as first grade lawyer (一級律師) by the Vocational Reform Office of Hubei Province (湖北省職改辦) in April 1997. She was awarded as one of the Outstanding Lawyers (優秀律師) in the Year of 1987 and 1989 and one of the Capable Women in Wuhan in the Year of 1992 (武漢市女能人) by Wuhan Federation of Trade Unions (武漢市總工會).

Please refer to the subsection headed "Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders" in Appendix VII to this prospectus for details of our Directors' interests in our Shares (within the meaning of Part XV of the SFO), particulars of our Directors' service contracts and Directors' remuneration.

Save as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian (張雪蓮), aged 38, our joint company secretary, is also our secretary to the Board and chief of the legal and compliance department of our Group. She is responsible for the secretariat (秘書處) of the Board and the legal and compliance department of our Group (集團法務室). She joined our Group in 2008 and held various positions within our Group, including a supervisor of Wuhan Financial Harbour Development, the head (總監) of the administration center (行政中心), secretary to the board of directors and the chief (主任) of the legal and compliance department of our Group. Before joining our Group, Ms. Zhang served as the secretary, representative of securities matters (證券事務代表), general manager of the business development department (招商部), chief (主任) of the audit and legal compliance department (審計法務部), deputy general economist and supervisor (監事) of Wuhan East Lake High Technology from 1998 to 2008.

Ms. Zhang received her bachelor's degree in economics law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan College of Politics and Law (中南政法學院)) in July 1998. She was qualified as a senior operation specialist (高級經營師) and a senior human resources management specialist (高級人力資源管理師) by Occupational Skills Testing Center of Hubei Province (湖北省職業技能鑒定指導中心) in April 2009 and April 2010, respectively, and a senior economist (高級經濟師) by Hubei Accreditation Committee of Senior Titles in Economics (Wuhan) (湖北省經濟專業(武漢)高評會) in June 2011. Ms. Zhang attended training programs for company secretary to board, senior management and independent non-executive director of listing company and received the relevant qualifications by the Shanghai Stock Exchange in June 2001, May 2007 and April 2008, respectively.

Ms. Leung Ching Ching (梁晶晶), aged 33, is our joint company secretary. She is a manager of Corporate Services of Tricor Services Limited. Ms. Leung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Leung graduated from The Chinese University of Hong Kong and obtained the degree of bachelor of social science in December 2003. She also received a master of arts in professional accounting and information system from City University of Hong Kong in November 2006.

SENIOR MANAGEMENT

The following table sets forth certain information regarding the Group's senior management.

Name	Age	Year of joining	Position
WANG Xianhong (王先紅)	44	1997	vice president
WANG Yuancheng (王元成)	49	1996	vice president
CHEN Tongju (陳同舉)	48	1996	vice president
JIANG Yongjin (姜永進)	48	2014	chief financial officer
PENG Tao (彭濤)	45	2000	assistant president and general manager of the project management center
YAO Hua (姚華)	42	1998	assistant president and general manager of the sales and marketing center
HUANG Min (黃敏)	39	2002	assistant president and general manager of the finance center
LI Jingsong (李勁松)	43	1996	assistant president and general manager of the development center and Creative Capital Project Department (創意天地項目部)
HUANG Yongping (黃永平)	41	2000	assistant president and general manager of the residential property management department
ZHANG Xuelian (張雪蓮)	38	2008	secretary to the Board and chief of the Group's legal and compliance department
MA Xin (馬欣)	32	2011	general manager of the human resources center
YONG Hui (雍暉)	45	1996	general manager of Wuhan Lido Technology
CUI Qun (崔群)	45	2011	executive general manager of Qingdao OVU Development
CHEN Dabin (陳大斌)	45	2003	general manager of Huangshi OVU Development

Mr. Wang Xianhong (王先紅), aged 44, is the vice president of our Group. He is responsible for the general operation and management of OVU Architectural Design Institute and the general development of our Group. Mr. Wang joined our Group in 1997 and served as the manager in comprehensive department (綜合部) and development department (拓展部), the assistant to the general manager and the project manager of Wuhan United Real Estate, respectively.

Mr. Wang received his bachelor's degree in infrastructure management engineering (基本建設管理工程) from Tianjin University (天津大學) in July 1991 and was qualified as a senior engineer recognized by Hubei Province City Construction Profession (Wuhan) Review Committee (湖北省城市建設專業 (武漢) 高評會) in June 2011.

Mr. Wang Yuancheng (王元成), aged 49, is the vice president of our Group. He is responsible for the general operation and management of Shenyang OVU Development, Wuhan Lido Technology, Wuhan Lido Curtain Wall and Hefei OVU Development. He joined our Group in 1996 and served as the manager of comprehensive technique department (綜合技術部) of Wuhan United Real Estate from 1996 to 2000 and has been the general manager and the director of Wuhan Lido Technology since 2000.

Mr. Wang received his college diploma (專科) in municipal construction engineering (市政工程) from Jianghan University (江漢大學) in August 1986 and obtained his master's degree in business administration from The University of Northern Virginia in July 2008. He was qualified as an engineer recognized by Hubei Province Department of Construction Median Professional Title Review Committee (湖北省城鄉建設廳中級職評委) in September 1998. Mr. Wang was awarded the excellent enterprise manager (優秀企業經理) in Wuhan district in April 2005, April 2006 and September 2011, respectively.

Mr. Chen Tongju (陳同舉), aged 48, is the vice president of our Group. He is responsible for the general operation and management of Wuhan Lido Property Management, Wuhan Quanpai Catering Management, Wuhan Ziyuan Hotel Management, Wuhan Lido Real Estate Agency and Wuhan Lido Human Resources. He joined our Group in 1996 and served as a director and supervisor of Wuhan United Real Estate from 1996 to 2011. Mr. Chen has been a director and a general manager of Wuhan Lido Property Management, Wuhan Quanpai Catering Management and Wuhan Ziyuan Hotel Management.

Mr. Chen received his bachelor's degree in law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Economics (中南財經大學)) [(1)] in July 1987 and his master's degree in western philosophy from Wuhan University (武漢大學) in July 1993. He was qualified as a lecturer (講師) by Wuhan University (武漢大學) in November 1994. Mr. Chen was awarded as the Top Ten Talents in Brand Building (創名牌十大優秀人物) in Wuhan in April 2006 and the Best Leader (最佳領導人) in property management in Wuhan in January 2008 and the China Property Management Outstanding

Note:

(1) Zhongnan University of Economics (中南財經大學) merged with Zhongnan College of Politics and Law (中南政法學院) as Zhongnan University of Economics and Law (中南財經政法大學) in May 2000.

Contribution Entrepreneurs (中國物業管理傑出貢獻企業家) in January 2011. He was elected as the chairman of Hongshan Area Property Management Association (洪山區物業管理協會) and the vice chairman of Wuhan City Property Management Association (武漢市物業管理協會) in February 2006.

Mr. Jiang Yongjin (姜永進), aged 48, is the chief financial officer of the Company. He joined the Group in February 2014 and is responsible for the financial management, financing and corporate communications of our Group outside the PRC. Mr. Jiang has more than 20 years of experience in investment, financing, investor relationship management and strategic planning. Before joining our Group, he worked for Sinochem Corporation from August 1991 to April 2001 in various positions in Beijing and Sinochem Europe Holdings Plc in London, UK, in charge of the Sinochem group's European investment, financing and strategic planning. From November 2005 to January 2011, Mr. Jiang worked for China Overseas Finance and Investment Co. as the deputy general manager and China Overseas Holding Ltd. as the general manager of its public relations department in charge of financing and investor and media relations. Mr. Jiang acted as the vice president and chief financial officer of Glorious Property Holding Limited, a company listed on the Hong Kong Stock Exchange (stock code: 845), between February 2011 and February 2014, responsible for the investment, financing and corporate communications.

Mr. Jiang obtained his bachelor's degree in economics from Shandong University in 1986, his master's degree in economics from the University of International Business and Economics in 1991 and his master's degree in business administration from the Richard Ivey Business School of the University of Western Ontario, Canada, in 2003. In October 2011, Mr. Jiang completed the Rongsheng & Glorious Global Leaders Program in The Wharton Business School, University of Pennsylvania. Mr. Jiang acquired his qualifications from the Certified General Accountants Association of Canada in 1999 and is currently a member of the Canadian Certified General Accountants Association of Hong Kong.

Mr. Peng Tao (彭濤), aged 45, is the assistant president (助理總裁) and the general manager of the project management center of our Group. He is responsible for the project management center of our Group and the projects management and the operation of Wuhan Jitian Construction. Mr. Peng joined our Group in 2000 and served as the chief engineer and the manager in engineering department (工程部) of Wuhan Optics Valley Union from 2000 to 2008. Before joining our Group, he served as the chief (主任) of the design department of Wuhan Commercial Construction Design Institute (武漢市商業建築設計院) from July 1997 to August 2000. Mr. Peng has been the member of National Committee of the Chinese People's Political Consultative Conference of Hannan District (漢南區政協委員) since December 2012.

Mr. Peng graduated from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in the bachelor's program of industrial and civil construction engineering (工業與民用建築工程) in June 1993. He was qualified as a senior engineer by Wuhan MHRB in December 2000.

Ms. Yao Hua (姚華), aged 42, is the assistant president (助理總裁) and the general manager of the sales and marketing center of our Group. She is responsible for the sales and marketing of our Group and our brand management. She joined our Group in 1998 and was the head of sales and marketing (營銷總監) of Wuhan United Real Estate from 1998 to 2006. Ms. Yao was the head of marketing and enterprise planning (營銷企劃總監) and the manager of the enterprise planning department (企劃部經理) of Wuhan Xuefu from 2006 to March 2008 and the head of the enterprise planning center (企劃中心總監) of Wuhan Optics Valley Union from 2008 to 2010.

Ms. Yao received her college diploma (專科) in arts education from Hubei Institute of Fine Arts (湖北美術學院) in July 1993 and graduated from Wuhan Textile University (武漢紡織大學) (formerly known as Wuhan University of Science and Engineering (武漢科技學院)) in the bachelor's degree of clothing arts design (服裝藝術設計) (a correspondence course (函授課程)) in June 2004. She was qualified as a senior economist (高級經濟師) by Hubei Accreditation Committee of Senior Titles in Economics (Wuhan) (湖北省經濟專業(武漢)高評會) in June 2011.

Ms. Huang Min (黃敏), aged 39, is the assistant president (助理總裁) and the general manager of the finance center of our Group. She is responsible for the overall financial management and financing of our Group within the PRC. She joined our Group in 2002 and served as the manager in the finance department. Before joining our Group, Ms. Huang served as the accountant and chief accountant (主管會計) of Wuhan East Lake High Technology from July 1996 to April 2002.

Ms. Huang received her college diploma (專科) in audit from Hubei College of Finance and Economics (湖北財經高等專科學校) in June 1996 and graduated from Zhongnan University of Economics and Law (中南財經政法大學) in the bachelor's program of accounting (a self-learning course) in June 2001. She received her master's degree in MBA from Wuhan University (武漢大學) in June 2006. Ms. Huang is a member of Hubei Institute of Certified Public Accountants (湖北省註冊會計師協會) and was qualified as a senior accountant (高級會計師) by the Vocational Reform Office of Hubei Province (湖北省職改辦) in December 2006. She was awarded the first prize of Wuhan Professional Skills Competition (武漢市技能選拔賽) and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) in September 1999 and the third prize of The Second "Jindie Cup" National Accounting Knowledge Competition in October 2000 ("金蝶杯"第二屆全國會計知識大賽).

Ms. Li Jingsong (李勁松), aged 43, is the assistant president (助理總裁), the general manager of the development center of our Group and Creative Capital Project Department (創意天地項目部). She is responsible for the operation of development center. Ms. Li joined our Group in 1996 and was the manager of the development department (拓展部) of Wuhan United Real Estate from 1996 to 2008, the deputy head of the development center (發展中心副總監) of Wuhan Optics Valley Union from 2008 to 2011 and has been the manager of the development center of Wuhan Optics Valley Union since 2011.

Ms. Li received her college diploma (專科) in computer science from Hubei University (湖北大學) in July 1990 and was qualified as a senior operation manager (高級經營師) by Occupational Skills Testing Center of Hubei Province (湖北省職業技能鑒定指導中心) in April 2009.

Mr. Huang Yongping (黃永平), aged 41, is the assistant president (助理總裁) and the general manager of the residential property management department of our Group. He is responsible for Lido Mason, Lido 2046 and the residential department (住宅事業部) of our Group. He joined our Group in 2000 and has held various positions within our Group, including the project managers of Lido Mason and Lido 2046, the manager of the residence department and the vice manager of the sales department and the chairman of the labor committee (勞工委員會) of Wuhan United Real Estate and the head of sales and marketing (營銷總監) of Wuhan Xuefu.

Mr. Huang received his college diploma (專科) in administration from Hubei University (湖北大學) in July 1991 and his master's degree in administration from Central China Normal University (華中師範大學) in January 2000. He was awarded as one of Ten Outstanding Young Persons (十大優秀青年) of Wuchang district, Wuhan city, Hubei province in 2000.

Ms. Zhang Xuelian (張雪蓮), aged 38, is the secretary to the Board and chief (主任) of the legal and compliance department (集團法務室) of our Group. She is also one of our joint company secretaries. See the subsection headed "– Joint Company Secretaries" in this section for details of her biography.

Mr. Ma Xin (馬欣), aged 32, is the general manager of the human resources center of our Group. He is responsible for human resources management. He joined our Group in 2011 and has been the general manager (總經理) of the human resource center since then. Before joining our Group, he served as the deputy manager of the human resources department of Tsingtao Beer South China Distribution Co., Ltd.* (青島啤酒華南行銷有限公司人力資源部) from September 1999 to October 2004, a manager of the recruiting department of human resource center of China Telling Communications Co., Ltd.* (天音通信發展有限公司) from December 2004 to May 2007 and a senior manager of the human resource of China Fortune Land Development Co., Ltd.* (華夏幸福基業股份有限公司) from July 2007 to March 2009.

Mr. Ma received his bachelor's degree in business management from Sichuan University (四川大學) in July 1999 and was awarded the master's degree in business administration from the Hong Kong Asia Business College in March 2007. He was granted the qualification of attaining the senior level in human resources by Beijing Municipal Bureau of Human Resources and Social Security (北京市人力資源和社會保障局) in May 2011 and level A of the corporate management in human resources by the Occupational Skills Testing Authority of the Ministry of Human Resources and Social Security (人力資源和社會保障部職業技能鑒定中心) in December 2011.

Ms. Yong Hui (雍暉), aged 45, is the general manager of Wuhan Lido Technology. She is responsible for the general operation of Wuhan Lido Technology. She worked in Wuhan Number Two Light Industry Scientific Research and Design Institute (武漢市二輕工業科學研究設計院) from December 1989 to October 1996. She joined our Group in 1996 and worked at comprehensive technique department (綜合技術部) of Wuhan United Real Estate from November 1996 to December 2000 and Wuhan Lido Technology from January 2001 to October 2010. She has been the general manager of Wuhan Lido Technology since October 2010 and Wuhan Lido Curtain Wall since January 2013.

Ms. Yong received her college diploma (專科) in industrial and civil architecture (工業與民用建築) from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in December 1989. She was qualified as an engineer by the Safety Supervision Project Review Committee of Jinzhou City (荊州市安檢工程評審委員會) in January 2005. Ms. Yong was awarded as one of the Outstanding Enterprise Managers for Architecture and Decoration in Wuhan Area (武漢地區建築裝飾優秀企業經理) by Wuhan Architecture and Decoration Association (武漢建築裝飾協會) in July 2007 and August 2012, respectively.

Mr. Cui Qun (崔群), aged 45, is the executive general manager of Qingdao OVU Development. He is responsible for assisting the executive president of our Group in relation to the operation and management of Qingdao OVU Development. He joined our Group in 2011 and has been the executive general manager of Qingdao OVU Development since then.

Mr. Cui received his college diploma (專科) in secretarial studies (Chinese and foreign languages) (中外文秘書) from Ocean University of China (中國海洋大學) (formerly known as Ocean University of Qingdao (青島海洋大學)) in July 1991. He has been a member of the People's Congress (人大代表) in Qingdao city since March 2012, and is also the vice chairman (副會長) of the Fifth Term of Industrial and Commercial Association of Qingdao City Economic and Technology Development Zone (第五屆青島市經濟技術開發區工商業聯合會) and a member of the Huangdao District Committee of Qingdao City of the First Session of the National Committee of the Chinese People's Political Consultative Conference (第一屆中國人民政治協商會議青島市黃島區委員會).

Mr. Chen Dabin (陳大斌), aged 45, is the general manager of Wuhan Optics Valley Union. He is responsible for the general operation of Huangshi Optics Valley Union. He joined our Group in 2003 and has been the vice general manager and the general manager of Huangshi Union Property Co., Ltd.* (黃石聯合置業有限公司), now known as Huangshi Optics Valley Union Development Co., Ltd.* (黃石光谷聯合發展有限公司), since then. Before joining our Group, Mr. Chen served as the head of the finance department (財務總監) of Wuhan East Lake High Technology Chopper Biology Co., Ltd. (東湖高新農業生物工程有限公司), a subsidiary of Wuhan East Lake High Technology, from July 1998 to May 1999 and Wuhan Kernel Bio-Tech from May 1999 to 2003.

Mr. Chen graduated from Harbin University of Science and Technology (哈爾濱科學技術大學) in industry management and projects (工業管理工程) in July 1989 and obtained the MBA certificate from Zhongnan University of Economics and Law (中南財經政法大學) in December 2000. He was granted the qualification as a senior economist (高級經濟師) by Wuhan MHRB in November 2001.

Save as disclosed in this prospectus, each of our Directors and members of our senior management has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPENSATION OF DIRECTORS

The remuneration (including fees, salaries, allowances, benefits, bonuses, retirement scheme contributions) paid to our Directors in aggregate for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 were RMB4,758,000, RMB5,862,000, RMB5,897,000 and RMB4,122,000, respectively.

The emoluments paid to our Group's five highest paid individuals in aggregate for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 were RMB1,504,000, RMB2,746,000, RMB2,609,000 and RMB1,837,000, respectively.

During the Track Record Period, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments during the Track Record Period.

Except as disclosed above, no other payments have been made, or are payable, in respect of the Track Record Period, by the Group to or on behalf of any of the Directors.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 10 and note 11 in the accountants' report set out in Appendix I to this prospectus.

AUDIT COMMITTEE

We will establish an audit committee upon Listing in compliance with the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system and provide advice and comments to our Board.

The audit committee will consist of three members, namely Mr. Leung Man Kit, Ms. Shu Chunping and Mr. Qi Min. The chairman of the audit committee is Mr. Leung Man Kit, an independent non-executive Director.

REMUNERATION COMMITTEE

We will establish a remuneration committee upon Listing in compliance with the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Directors on our policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

The remuneration committee will consist of five members, namely Mr. Qi Min, Mr. Hu Bin, Mr. Leung Man Kit, Ms. Shu Chunping and Ms. Zhang Shuqin. The chairman of the remuneration committee is Mr. Qi Min, an independent non-executive Director.

NOMINATION COMMITTEE

We will establish a nomination committee upon Listing in compliance with the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to our Board on the selection of individuals nominated for directorships, assess the independence of our independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment or reappointment of our Directors and succession planning for our Directors.

The nomination committee will consist of three members, namely Mr. Huang Liping, Mr. Qi Min and Ms. Zhang Shuqin. The chairman of the nomination committee is Mr. Huang Liping, an executive Director and our chairman and president.

FINANCIAL CONTROL COMMITTEE

We will establish a financial control committee for the purpose of meeting our obligations under the agreements that we entered into with local authorities in relation to the Hefei Financial Harbour. The primary duties of the financial control committee are to assess the sufficiency of internal funds, obtain the standby banking facilities where necessary, discuss further our potential risks and exposure level, evaluate sufficiency of the existing measures in place to minimize such risks, and formulate new business strategies and follow-up measures where appropriate.

The financial control committee will consist of Mr. Huang Liping, Mr. Wang Yuancheng and Ms. Huang Min.

CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code, the role of chairman and the president should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and president and Mr. Huang Liping currently performs these two roles. Our Board believes that vesting the roles of both chairman and president in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and president of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

COMPLIANCE ADVISOR

Our Company has appointed GF Capital (Hong Kong) Limited as its compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

(1) the compliance advisor's appointment shall be for a period commencing on the date on which the Shares are listed on the Hong Kong Stock Exchange and ending on the date on which our Company comply with Rule 13.46 of the Hong Kong Listing Rules in respect of the financial results of our Group;

(2) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Hong Kong Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Hong Kong Stock Exchange;

(3) our Company may terminate the appointment of the compliance advisor by giving a 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Hong Kong Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Hong Kong Stock Exchange; and

(4) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:

    (a) before the publication of any regulatory announcement, circular or financial report;

    (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

    (c) where we propose to use the proceeds of the initial public offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and

    (d) where the Hong Kong Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Company.

AUTHORIZED AND ISSUED SHARE CAPITAL

The authorized share capital of our Company immediately before the Global Offering is HK$1,000,000,000, divided into 10,000,000,000 Shares with a nominal value of HK$0.10 per Share.

Assuming the Over-allotment Option is not exercised at all, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares and Shareholders	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(HK$)	
100,000	Shares in issue immediately before the Global Offering	10,000	0.0025%
2,999,900,000	Shares to be issued pursuant to the Capitalization Issue	299,990,000	74.9975%
1,000,000,000	Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option is not exercised at all)	100,000,000	25%
4,000,000,000	Total	400,000,000	100%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares and Shareholders	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(HK$)	
100,000	Shares in issue immediately before the Global Offering	10,000	0.0024%
2,999,900,000	Shares to be issued pursuant to the Capitalization Issue	299,990,000	72.2868%
1,150,000,000	Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option is exercised in full)	115,000,000	27.7108%
4,150,000,000	Total	415,000,000	100%

RANKING

The Offer Shares and the Shares which may be issued pursuant to the exercise of the Over-allotment Option shall rank *pari passu* with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for any entitlement to the Capitalization Issue.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of all our Shareholders passed on March 12, 2014, conditional upon the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 2,999,900,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company at 8 a.m. on the Listing Date in proportion to their respective shareholdings by way of capitalization of the sum of HK$299,990,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the subsection headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors shall not exceed the aggregate of:

(i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

The total nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles;

(c) any specific authority granted by the Shareholders in general meeting; or

(d) any arrangement which may be regulated under Chapter 17 of the Hong Kong Listing Rules.

This general mandate to issue Shares will expire at the earliest of:

(1) the conclusion of our next annual general meeting;

(2) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(3) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see the subsection headed "Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on March 12, 2014" in Appendix VII to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the subsection headed "Structure of the Global Offering – Conditions of the Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Hong Kong Listing Rules and all applicable laws. A summary of the relevant requirements under the Hong Kong Listing Rules is set out in the subsection headed "Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – Repurchase of Shares by our Company" in Appendix VII to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see the subsection headed "Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on March 12, 2014" in Appendix VII to this prospectus.

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or a short position in the Shares or underlying shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[1]	
		Number	*Percentage*
AAA Finance[2]	Beneficial owner	1,787,700,000	44.693%
Mr. Huang Liping[2]	Interest in controlled corporation	2,228,070,000	55.702%
Technology Investment HK[3]	Beneficial owner	479,910,000	11.998%
Hubei Science & Technology Investment[3]	Interest in controlled corporation	479,910,000	11.998%
Hengxin PTC[4]	Trustee	320,370,000	8.009%
Qianbao BVI[5]	Beneficial owner	292,020,000	7.301%
Mr. Tse Shing Ming[5]	Interest in controlled corporation	292,020,000	7.301%
Sunshine Life Insurance Co., Ltd.[6]	Beneficial owner	280,000,000	7%
Sunshine Insurance Group Corporation Limited[6]	Interest in controlled corporation	280,000,000	7%

Notes:

(1) All the above Shares are held in long position (as defined under Part XV of the SFO).

(2) Mr. Huang Liping holds 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in the 1,787,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI. Mr. Huang Liping is also the sole shareholder of Hengxin PTC. Under the SFO, Mr. Huang Liping is also deemed to be interested in the 320,370,000 Shares held by Hengxin PTC.

(3) Hubei Science & Technology Investment holds 100% equity interest in Technology Investment HK. Under the SFO, Hubei Science & Technology Investment is deemed to be interested in all the Shares held by Technology Investment HK.

(4) Mr. Hu Bin and Ms. Chen Huifen, our Directors, are beneficiaries of 70,320,000 and 10,950,000 Shares of a trust set up pursuant to a trust deed executed on September 13, 2013 with Hengxin PTC as trustee, respectively, representing an equity interest of 1.758% and 0.274% in our Company, respectively. Hengxin PTC is regarded as an associate of Mr. Hu Bin and Ms. Chen Huifen for the purpose of the Hong Kong Listing Rules and the Shares held by it will not be counted towards the public float.

(5) Mr. Tse Shing Ming holds 100% equity interest in Qianbao BVI. Under the SFO, Mr. Tse is deemed to be interested in all the Shares held by Qianbao BVI. He is an uncle of the wife of Mr. Huang Liping and is not an associate of Mr. Huang Liping nor is a substantial shareholder of the Company for the purpose of the Hong Kong Listing Rules. His interest in the Shares will be counted towards the public float.

(6) Sunshine Life Insurance Co., Ltd. ("Sunshine Life") has agreed to subscribe for 280,000,000 Shares under the Global Offering as a cornerstone investor. Sunshine Life is a subsidiary of Sunshine Insurance Group Corporation Limited ("Sunshine Group") and therefore Sunshine Group is deemed to be interested in the 280,000,000 Shares held by Sunshine Life under the SFO.

Save as disclosed above and in the subsection headed "Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders" in Appendix VII to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

You should read the following discussion of our results of operations and financial condition in conjunction with our consolidated financial information as of and for each of the three years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are engaged primarily in the development and operation of large-scale business parks with distinctive industry themes. According to the Top Ten China Real Estate Research Group (中國房地產10強研究組)[(1)], we ranked among the "2013 Top Ten Brands of China Industrial Real Estate Companies (2013中國產業地產品牌價值TOP10)". The PRC commercial business park market emerged in the late 1990s to 2000 and has grown rapidly driven by significant demand from enterprises in a large number of industries for business parks, government policies in upgrading and restructuring of industries, increased level of urbanization, as well as development and business innovation of SMEs. According to the Savills Report, we ranked second in China as of December 31, 2013 among all commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development. See the subsection headed "Industry Overview – The PRC Commercial Business Park Market – Competitive Landscape" in this prospectus for detailed discussion about our ranking.

Our Business Model

Property Development

We have developed a portfolio of multi-theme business parks, and we are a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. Based on our accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale business parks in Wuhan, we replicate our business model in business park development in our other target cities. We have recently started to develop a business park project in Huangshi. We also expect to commence the development of our business park projects in Shenyang and Hefei and plan to further expand to our other target cities, including Beijing, Shanghai, Xi'an, Chongqing and Tianjin. Our business parks with distinctive

Note:

(1) The Top Ten China Real Estate Research Group (中國房地產10強研究組) comprises the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Tsinghua University Real Estate Research Institute (清華大學房地產研究所) and China Index Academy (中國指數研究院).

industry themes provide leading corporations, as well as fast-growing SMEs and start-up companies in a large number of industries with solutions to their needs for business space, operating environment, industry-specific supporting facilities as well as a wide range of business operation services. The themes of our large-scale business parks span a broad spectrum of industries, including, among others, software development, service outsourcing, financial back-office services, data centers, information technology, biotechnology, medical devices, energy conservation, environmental protection, ocean technology and creative industry.

We focus on, and have strong capabilities in, developing business parks with customized properties and features that meet the individualized demands of our customers. We proactively conduct extensive market researches on our target industries and the leading enterprises in the relevant industries with regard to their needs for locations, business spaces and operating environments. We initiate our sales and marketing process from the early stage of our projects, we endeavor to work closely with and guide our customers throughout the development process to improve the project design and customized features of our business parks so as to ensure that the particular demands of individual customers are fully addressed.

In line with local urban development plans in our target cities, we develop residential projects that are generally in proximity and complementary to our business park developments so as to develop our large-scale projects with a fully-functional living environment (產城一體). During the Track Record Period and up to December 31, 2013, we and our joint venture had three completed residential projects, namely the Romantic Town and the Lido Mason (Phase I) in Wuhan and the Lido Top View in Huangshi, and had two residential projects under development, namely the Lido 2046 and the Lido Mason (Phase II) in Wuhan. The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason. The standardized development process of residential projects is substantially similar to that of business park projects. See the subsection headed “Business – Property Development – Residential Property Development Process” in this prospectus for further discussion. With the foresight to understand the new urbanization trends in China, we have assisted local governments to develop the locations of our large-scale business parks and their surrounding areas into new city centers, which in turn offer more job opportunities and fully-functional living communities for new urban residents.

Other Business Activities

We also engage in a variety of other business operations and activities, each of which is an integral part of and essential to our business park development and operation business and contribute to our turnover and profits. These business operations and activities include:

- ***Business operation services for the companies in our business parks***. We provide enterprises in our business parks with a wide range of business operation services to facilitate their business operations and reduce their operational costs. In addition to property management and operation services, our business operation services also include centralized energy supply systems and services for the relevant districts, human resources and training services. Furthermore, we provide supporting facilities (including apartments, hotels, canteens, enterprise service centers, conference centers and employee activity centers), deliver group catering, property agency and advertising agency services, and organize sports games and leisure activities catering for the business needs of our customers as well as social and other needs of their employees.

- ***Construction contract***. We provide construction services for decorating and improving external parts and internal areas of buildings to customers in our business parks as well as property developments owned by third parties.

- ***Property leasing***. We engage in property leasing and strategically hold and lease out certain properties providing supporting services in our business parks as well as office properties suitable for general business uses to generate recurring rental income.

- ***Development management services for business parks owned by third parties***. As part of our strategic plan, we provide, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them. Through such services, with minimal capital outlay on our part, we have gained significant expertise and strengthened our capabilities in the development and operation of large-scale business parks, enhanced our brand recognition in the business park development sector, developed long-standing relationships with the relevant local governments and leading enterprises, built up our talent reserve and gained access to and information on the enterprises and companies in their business parks, who may be attractive potential customers for our existing or future business parks.

Our Projects

We have benefited from increasing customer demands for high-quality business parks, government policies in upgrading and restructuring of industries, increased level of urbanization, as well as development and business innovation of SMEs in our target cities. During the Track Record Period and up to December 31, 2013, we and our joint venture have completed 11 business parks in Wuhan, Qingdao and Ezhou and three residential projects in Wuhan and Huangshi.

The following table sets forth an overview of the projects held by us as of December 31, 2013.

Project	Cities	Site Area	Total GFA	Saleable GFA	Property Market Value	Property Market Value Attributable to our Group
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB'000*	*(RMB'000)*
Completed Projects	Wuhan, Qingdao, Ezhou, Huangshi	1,430,928[(1)]	2,249,006[(1)]	1,884,555[(1)]	2,962,700[(1)]	2,925,779[(1)]
Projects under Development	Wuhan, Qingdao, Ezhou, Huangshi	621,351[(2)]	1,059,634[(2)]	872,276[(2)]	3,432,100[(2)]	3,419,680[(2)]
Projects Planned for Future Development	Wuhan, Qingdao, Ezhou, Shenyang, Hefei	1,816,536	5,379,162	4,246,314	6,793,000	5,401,780
Potential Development Projects	Wuhan, Qingdao, Ezhou, Huangshi, Shenyang	2,463,806	5,063,151	4,587,343	Nil	Nil
Total		**6,332,621**	**13,750,953**	**11,590,488**	**13,187,800**	**11,747,239**

Notes:

(1) Excluding the site area of 36,105 sq.m., the GFA of 71,203 sq.m., the saleable GFA of 69,072 sq.m., the property market value of RMB125.3 million and the property market value attributable to our Group of RMB62.65 million, respectively, in respect of the Lido Mason (Phase I). The Lido Mason projects (Phases I and II) are wholly owned and developed by our joint venture, Wuhan Mason.

(2) Excluding the site area of 36,067 sq.m., the GFA of 80,524 sq.m., the saleable GFA of 60,298 sq.m., the property market value of RMB290.9 million and the property market value attributable to our Group of RMB145.45 million, respectively, in respect of the Lido Mason (Phase II).

BASIS OF PREPARATION AND PRESENTATION OF OUR FINANCIAL STATEMENTS

Reorganization

In preparation for the Global Offering, our Company was incorporated in the Cayman Islands on July 15, 2013 and became the holding company of the companies now comprising our Group pursuant to the Reorganization as set out in the subsection headed "Our History, Reorganization and Group Structure – Reorganization – Offshore Reorganization" in this prospectus. The ultimate control over all major affairs of our Company and other group companies involved in our Reorganization was vested on the Controlling Shareholders before and after the completion of the Reorganization. The acquisitions made as part of our Reorganization were transactions under common control and the merger basis of accounting has been applied for the preparation and presentation of our consolidated financial information. Our consolidated financial statements have been prepared as if our Group had always been in existence, and the net assets of our group companies are consolidated using the existing book values from the Controlling Shareholders' perspective. All intra-group transaction balances have been eliminated on consolidation.

Wuhan Minghong

Wuhan Optics Valley Union acquired the entire equity interest in Wuhan Minghong from Independent Third Parties in 2008. At the time of our acquisition of Wuhan Minghong, its primary assets were two projects, namely, Yishuiyuan Project (依水園項目) and Canglongdao Project (藏龍島項目). See the subsection headed "Risk Factors – Risks Relating to Our Businesses – We could be subject to risks relating to Wuhan Minghong and the Yishuiyuan Project operated by Wuhan Minghong's prior shareholders" in this prospectus for further details.

Pursuant to the equity transfer agreements and supplemental agreements we entered into with the prior shareholders of Wuhan Minghong, (i) we acquired the land use rights of the Canglongdao Project through the equity transfer of Wuhan Minghong, (ii) save for the Canglongdao Project, the prior shareholders would continue to wholly control and manage (including financial accounting, custody of relevant approvals and documents, and payment of taxes and other fees) all the businesses and projects of Wuhan Minghong (the "Prior Businesses") which they had controlled and managed prior to October 31, 2008, and (iii) Wuhan Minghong holds the Prior Businesses on behalf of the prior shareholders who agreed to personally assume and settle all relevant liabilities, penalties and proceedings related to the Prior Businesses and none of the assets in relation to the Canglongdao Project shall be used to settle any such liabilities, penalties or proceedings. Two project management departments were established in Wuhan Minghong to manage the two projects separately and annual tax filings of the two projects were made to the local tax bureau separately by us and the prior shareholders. Wuhan Minghong has held the assets of the Yishuiyuan Project on behalf of the prior shareholders but has not operated the project for itself. Although Wuhan Minghong has the legal titles in relevant assets, the prior shareholders have retained all the risks and rewards relating to the Yishuiyuan Project. In accordance with IFRS, the assets and liabilities of Wuhan Minghong other than those relating to the Canglongdao Project should not be included in the consolidated financial accounts of our Group since the acquisition. Pursuant to the relevant principles under the IFRS and based on the agreements relating to our acquisition of Wuhan Minghong and the separate management of the Yishuiyuan Project and the Canglongdao Project by the prior shareholders and our Group, respectively, we have excluded the Yishuiyuan Project from the consolidated financial accounts of our Group since the acquisition.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic Growth, Industrial Development and Urbanization Level in China

The economic growth, industrial development and urbanization level have been the main driving forces behind the increasing production and commercial activities in China, which in turn has spurred demand for large-scale developments that integrate business parks and related operation services with a fully-functional living environment. China's economy experienced rapid growth in the past 30 years primarily driven by capital investments and product exports. In recent years, the PRC Government has been endeavoring to restructure and upgrade industries as part of its strategic efforts to stimulate domestic growth and adjust China's industrial structure. However, there remain significant uncertainties on whether the PRC Government can succeed in implementing its policy initiatives and continue to maintain the economic growth in China. In addition, we are susceptible to local economic conditions and industrial development in Wuhan, Qingdao, Shenyang, Hefei, Huangshi and Ezhou, where we currently have all of our operations. Although the potentials for economic growth and industrial development in these cities are believed to be substantial, these cities start from a relatively lower development stage, with significant infrastructural and ground work to be done. These factors will continue to have a significant impact on the number of our customers and potential customers and the pricing and profitability of our business parks and related operation services, which in turn will directly affect our results of operations.

Regulation of the Real Estate Industry in China

PRC governmental policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC Government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among others, land supply, foreign exchange, pre-sale of properties, land usage, plot ratio, bank financing, taxation, and foreign investment. Since 2011, the PRC Government and various administrative bodies launched a series of measures to discourage speculation and control the growth of the PRC property market. The new control measures (including, among other things, higher minimum down payment requirements and other restrictions for purchase of residential properties and increases in bank lending rates for mortgage financings) have directly affected the sales volume and purchase prices of properties in our target cities. Furthermore, the PRC Government may, from time to time, adopt new industrial policies and economic measures to guide and further regulate the restructuring and upgrading of industries in China. New governmental policies and measures could adversely affect the demand for business parks from enterprises in relevant industries and reduce the level of construction activities and capital investments relating to business park developments. PRC regulatory measures in the real estate industry, especially in the business park development sector, will continue to impact our business and results of operations. See the subsections headed "Regulations – Laws and Regulations Relating to Real Estate Development – Development of a Real Estate Project" in this prospectus for further details on the relevant PRC regulations.

Fair Value of Investment Properties

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. Our investment properties include office units, serviced apartments, commercial amenities and other supporting facilities held for rental income, capital appreciation or both. Our investment properties are stated at their fair value on our consolidated statements of financial position as non-current assets as of each reporting date on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses upon revaluation in our consolidated income statements, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties, as so determined at a particular date, may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by another qualified independent professional valuer using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant reporting dates and do not generate any cash inflow available for our operations or potential dividend distribution to our shareholders. The amounts of fair value adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions in China and may increase or decrease. We cannot assure you that similar levels of any fair value gains we recognized with respect to our investment properties during the Track Record Period can be sustained in the future. See the subsection headed "– Discussion of Certain Statement of Financial Position Items – Investment Properties" in this section for further discussion.

Ability to Acquire Suitable Land at Desirable Cost

Our operating results and continuing growth will depend on our ability to secure high-quality development land at costs that can yield reasonable returns. Even though we currently maintain sufficient land reserves to fulfill our development requirements for the next three to five years, we continue to look for suitable sites for future development projects, on which our continuing growth will partially depend. There is limited supply of suitable land available for large-scale developments in Wuhan, Qingdao, Shenyang, Huangshi, Ezhou and our other target cities where we plan to expand our business. Competition among property developers for land has been intense in China and we expect the trend will continue. Furthermore, our results of operations are affected by land acquisition cost, which constitute a major component of our cost of sales. Over the years, land premiums have generally been increasing steadily and are expected to continue to rise in China as the PRC economy continues to develop. In addition, PRC governmental land supply policies and implementation measures (such as the statutory requirement of public tender, auction and listing-for-sale practice in respect of the grant of state-owned land use rights) may further intensify competition for undeveloped land and increase land acquisition costs. For example, in November 2009, the PRC Government raised the minimum down payment of land premium to 50% and required that land premium be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

Project Development Schedules

Our cash flows and turnover are affected by project development schedules. The number and GFA of properties that we can develop or complete during any particular period is limited due to the substantial capital and management resources required for land acquisition and project development. Our cash flows and turnover are affected by project development schedules due to the time lag between commencement of a project, pre-sales and completion and delivery of the properties. Project development schedules depend on a number of factors, including the performance and efficiency of our construction companies and our ability to finance construction work with bank borrowings and proceeds from customers of customized developments and pre-sold properties. Any delay in construction and obtaining relevant government licenses and approvals could materially and adversely affect our project development schedules.

Access to and Cost of Financing

Bank borrowing is an important source of funding for our property developments. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our outstanding bank borrowings amounted to RMB369.0 million, RMB618.1 million, RMB1,209.2 million and RMB2,118.3 million, respectively. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our aggregate interest expenses on bank borrowings (before capitalization of interests into properties under development) were RMB43.9 million, RMB67.3 million, RMB131.1 million and RMB114.4 million, respectively, and the annual interest rates of these bank borrowings, according to respective loan agreements, ranged from 5.31% to 7.04%, 5.4% to 7.05%, 5.4% to 8.32%, and 3.9% to 12%, respectively, for the same periods. The interest rates of our bank borrowings are generally floating with reference to the benchmark interest rate set by the PBOC, and any increase in this rate will increase the finance costs of our project developments. If lenders approve loans to us for the construction of specific projects, the relevant proceeds cannot be applied to the construction of another project and generally may not be renewed. See the subsection headed "Risk Factors – Risks Relating to Our Businesses – Our business, financial condition and results of operations may be materially and adversely affected if interest rates increase in the future" in this prospectus for further details. Moreover, the PRC Government from time to time has imposed 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 increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected. In addition, although we do not have bank borrowings in foreign currencies, any fluctuations in global credit markets, as were seen during the 2008-2009 global economic downturn, could materially and adversely affect us insofar as they impact interest rates and the availability of credit in China.

Fluctuations in Development Costs

Our results of operations are also affected by our development costs or construction costs which consist of contractual payments to our construction contractors to cover construction material costs and labor costs. The construction costs of our projects vary according to the gross floor area and height of buildings as well as the geology of construction sites. We generally outsource a significant majority of the construction work of our projects to third-party construction contractors that procure construction materials by themselves and under relevant construction contracts bear risks relating to the fluctuation of raw material prices, whereas Wuhan Jitian Construction undertakes the remaining portion of construction work. Construction costs fluctuate as a result of changes in the prices of key construction materials such as steel and concrete. Any increase in costs of construction materials will impact our cost of sales and gross profit margin for project development. Based on our best estimates, for illustrative purposes only, the following table shows the sensitivity of the gross profit margin for property development during the Track Record Period with regard to certain possible changes in steel and concrete costs recognized as our construction costs during the same period, assuming all other variables held constant:

	Changes in gross profit margin for property development			
	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
Changes in costs of steel and concrete:				
+10.0%	-1.338%	-1.519%	-1.268%	-1.061%
+5.0%	-0.669%	-0.759%	-0.634%	-0.531%
+1.0%	-0.134%	-0.152%	-0.127%	-0.106%
-1.0%	0.134%	0.152%	0.127%	0.106%
-5.0%	0.669%	0.759%	0.634%	0.531%
-10.0%	1.338%	1.519%	1.268%	1.061%

Our profitability may be adversely affected if we cannot pass on any resulting increases in our costs to our customers. In addition, as we pre-sell some of our properties prior to their completion, we will be unable to pass any increased costs with respect to such properties to our customers if construction costs increase subsequent to the time of such pre-sale. We expect our development costs will continue to be influenced by fluctuations in the cost of construction materials and the rise in labor costs for our property developments.

Acquisition of Entities

Acquisitions, including our acquisitions of additional equity interests in associates and joint ventures to enable us to control them as subsidiaries, also affect our results of operations. We make selective acquisitions for operational and financial benefits to our Group, but do not rely solely on acquisitions for growth. In particular, we pursue those acquisitions that we believe will provide us with incremental revenue and complement our existing operations. For example, through a series of acquisitions, we acquired a total of 49% equity interest in Wuhan Xuefu which owned and developed Romantic Town, a residential project. We acquired a further 2% equity interest in Wuhan Xuefu at a consideration of RMB4.4 million and controlled it as a subsidiary in November 2011. From an accounting perspective, the 49% non-controlling equity interest in Wuhan Xuefu that we had previously held was deemed to be disposed of to a third party at fair market value which resulted in the recognition of net gain on disposal of associates of RMB68.8 million for the year ended December 31, 2011. Also, the assets held by Wuhan Xuefu, consisting of completed properties held for sale, and the value of investment property held by Wuhan Xuefu have been accounted for based on an upward adjustment to fair market value upon the acquisition. Such adjustment resulted in an increase in the cost base of the completed properties held for sale by Wuhan Xuefu, which we recognized as part of cost of sales as the relevant properties were sold after the acquisition. The higher cost of sales with respect to such properties would in turn have a negative effect on overall gross profit margin we may achieve on the Romantic Town project. For the year ended December 31, 2011, we consolidated the turnover of RMB434.2 million from sales of properties in Romantic Town, representing approximately 37.1% of the total turnover from property development that year, and the carrying amount of the investment properties increased by RMB12.1 million as we consolidated the investment properties held by Wuhan Xuefu. See the subsection headed "– Results of Operations – Description of Certain Income Statement Items – Net Gain on Disposal of Associates" in this section for further discussion. Additionally, during the Track Record Period, we also acquired the equity interests in Optics Valley Software Park and Wuhan Jitian Construction and controlled them as wholly-owned subsidiaries, both of which contributed to our turnover and net profit after the respective acquisitions.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in accordance with IFRS, which require us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities at the end of each fiscal period, and (ii) the reported amounts of income and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of our current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimation in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue will be recognized provided that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Our revenue represents income from sale of properties, business operation services, development management services, construction contract and property leasing, net of business tax and other sales related taxes, and is after deduction of any trade discounts.

Sale of Properties

Revenue from the sale of completed properties is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyers. We consider that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales-related taxes, and is after the deduction of any trade discounts. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the statements of financial position as receipts in advance.

Rental Income from Operating Leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

Service Fee Income

Service fee income in relation to business operation services, development management services and construction services are recognized when such services are provided to customers.

Construction Contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliable, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Government Grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are initially recognized as deferred income and subsequently deducted from the carrying amount of the assets upon meeting the relevant conditions, if any, attaching to them.

Property Development

Inventories in respect of property development activities are carried at the lower of cost and net realizable value. Cost and net realizable values are determined as follows:

Properties held for Development for Sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

Properties under Development for Sale

The cost of properties under development for sale comprises specifically identified cost, including land use right, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of overheads and borrowing costs capitalized. Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

Completed Properties Held for Sale

In the case of completed properties developed by our Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the statements of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in profit or loss.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

RESULTS OF OPERATIONS

The table below sets forth a summary of our results of operations for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Continuing operations					
Turnover	788,798	1,405,169	1,812,014	706,071	1,135,066
Cost of sales	(503,539)	(1,029,666)	(1,235,378)	(489,838)	(789,816)
	285,259	375,503	576,636	216,233	345,250
Gross profit					
Other income	621	1,449	7,450	2,044	4,588
Selling and distribution expenses	(15,460)	(20,745)	(39,154)	(26,225)	(33,246)
Administrative expenses	(48,137)	(85,103)	(118,287)	(84,187)	(90,014)
Other expenses	(2,397)	(710)	(482)	(278)	(334)
	219,886	270,394	426,163	107,587	226,244
Results from operating activities before changes in fair value of investment property					
Increase in fair value of investment properties	6,800	22,419	8,167	5,900	6,100
	226,686	292,813	434,330	113,487	232,344
Results from operating activities after changes in fair value of investment property					
Finance income	8,672	12,460	19,359	15,675	7,009
Finance costs	(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Net finance income	7,180	3,418	17,767	14,432	(5,161)
Share of profit/(losses) of associates	34,623	(4,468)	(386)	(351)	(323)
Share of profit/(losses) of joint ventures	(242)	(247)	(4,653)	(4,080)	36,731
Net gain on disposal of associate	–	68,847	–	–	–

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	268,247	360,363	447,058	123,488	263,591
Income tax	(90,397)	(136,992)	(169,357)	(53,634)	(127,455)
Profit from continuing operations	177,850	223,371	277,701	69,854	136,136
Discontinued operation					
Profit from discontinued operation, net of tax	5,381	35,846	–	–	–
Profit for the year/period	183,231	259,217	277,701	69,854	136,136
Attributable to:					
Equity shareholders of the Company	116,662	147,146	211,276	51,564	119,044
Non-controlling interests	66,569	112,071	66,425	18,290	17,092
Profit for the year/period	**183,231**	**259,217**	**277,701**	**69,854**	**136,136**

Description of Certain Income Statement Items

Turnover

We generated turnover from sale of business parks and residential properties, business operation services, construction contract, property leasing and development management services. The following table illustrates our turnover by operating segment for the indicated periods.

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	Turnover RMB'000	*% of total*	*Turnover RMB'000*	*% of total*	*Turnover RMB'000*	*% of total*	*Turnover RMB'000* (Unaudited)	*% of total*	*Turnover RMB'000*	*% of total*
Property development	647,635	82.1%	1,171,429	83.4%	1,431,893	79.0%	495,567	70.2%	853,254	75.1%
Business park projects	*473,514*	*60.0%*	*727,138*	*51.8%*	*1,362,218*	*75.2%*	*432,671*	*61.3%*	*847,453*	*74.6%*
Residential projects	*174,121*	*22.1%*	*444,291*	*31.6%*	*69,675*	*3.8%*	*62,896*	*8.9%*	*5,801*	*0.5%*
Construction contract	48,977	6.2%	107,658	7.7%	195,056	10.8%	93,594	13.3%	142,531	12.6%
Business operation services	61,175	7.8%	89,098	6.3%	131,331	7.2%	86,409	12.2%	105,497	9.3%
Property leasing	8,199	1.0%	11,927	0.8%	17,635	1.0%	10,874	1.5%	17,613	1.6%
Development management services	22,812	2.9%	25,057	1.8%	36,099	2.0%	19,627	2.8%	16,171	1.4%
Total	**788,798**	**100.0%**	**1,405,169**	**100.0%**	**1,812,014**	**100.0%**	**706,071**	**100.0%**	**1,135,066**	**100.0%**

Property Development

(1) Overview

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, over 75.0% of our turnover was derived from sales of properties. We recognize turnover from sales of properties after we have received the relevant proof of examination and acceptance of completion and the properties have been sold and delivered. The GFA of properties sold and delivered in any given period is driven primarily by property development schedules and market demand. The ASP is generally affected by overall market conditions and customer demands.

Consistent with industry practice, we typically enter into purchase contracts with customers for customized developments. Our customers make progress payments according to agreed milestone schedules. See the subsection headed "Business – Business Park Development Process – Sales and Marketing – Payment Arrangement" in this prospectus for further discussion. With respect to other properties under development, we enter into purchase contracts with customers after the properties satisfy the pre-sales conditions in accordance with PRC laws and regulations. See the subsection headed "Business – Business Park Development Process – Sales and Marketing – Pre-sale" in this prospectus for further discussion. In general, there is a time difference between (i) the time when we receive progress payments from customers under customization agreements or when we commence pre-sale of properties under development and (ii) the completion of such properties. We do not recognize any turnover from the customized development and pre-sale of our properties until such properties are completed (as evidenced by obtaining the proof of examination and acceptance of completion from the relevant authorities) and the possession of the properties has been delivered to the purchasers, even though we receive payments from customers at various stages prior to delivery. Before the delivery of a customized property or pre-sold property, payments received from customers are recorded as "Receipt in Advance" under "Current Liabilities – Trade and Other Payables" on our consolidated statements of financial position.

In addition, with respect to our customized developments, if customers are obligated to make further payments according to agreed milestone schedule after the delivery of properties, the remaining balance of payment is recorded as "Trade Receivables" under "Current Assets" in our consolidated statements of financial position. As our turnover from sales of properties is recognized upon the delivery of properties, the timing of delivery may affect not only the amount and growth rate of our turnover from property development, but may also cause changes in other payables and receivables to fluctuate from period to period.

Our turnover from sale of business parks and residential properties grew from RMB647.6 million in 2010 to RMB1,431.9 million in 2012, representing a 2010-2012 CAGR of 48.7%. The turnover from property development increased by RMB357.7 million, or 72.2%, from RMB495.6 million for the nine months ended September 30, 2012 to RMB853.3 million for the nine months ended September 30, 2013. The growth in our turnover from property development was primarily due to (i) an increase in the total GFA of properties sold to our customers as we developed and completed an increasing number of developments, and (ii) an increase in the ASP of business parks and residential properties as we developed our business park projects in a more mature and advanced stage with well-developed infrastructure and supporting facilities.

(2) Customized Developments

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the turnover from sale of customized properties in our business park projects was RMB283.5 million, RMB466.2 million, RMB1,027 million and RMB589.9 million, accounting for approximately 43.7%, 39.8%, 71.7% and 69.1% of the turnover from property development for the same periods. From the year ended December 31, 2010 to the year ended December 31, 2012, the turnover from sales of customized properties in our business park projects increased and the percentage of sales of customized properties to the turnover from property development increased as well, mainly attributable to the development and sale of customized properties in the Optics Valley Software Park (Phases II and V) and the Optics Valley Financial Harbour (Phases I and II). The turnover from sales of customized properties in our business park projects and the percentage of sales of customized properties to the turnover from property development for the nine months ended September 30, 2013 were relatively low primarily because (i) the Optics Valley Financial Harbour (Phase II) was developed in a more mature and advanced development stage and more SMEs and start-up companies were drawn to purchase the remaining ready-built office spaces in the project, after some leading banks and enterprises had purchased customized properties in the project and established their presence there; and (ii) the Wuhan Innocenter has been targeted to SMEs and start-up companies and primarily consists of ready-built office spaces with standardized facilities.

The summary below sets out a discussion of the gross profit margin, risk profile and liquidity position of our customized properties as compared to those of our other type of properties (including ready-built business space and residential properties) during the Track Record Period.

- ***Gross profit margin***. As we generally offered favorable terms to customers that purchased large-scale customized properties, the ASP of customized properties during the Track Record Period was relatively lower than that of other type of properties. Accordingly, the gross profit margin for sale of customized properties was relatively lower than that for sale of other type of properties.

- ***Risk profile***. As customers generally purchased customized properties of entire buildings and made full payments of the purchase prices on time, and the development process of customized properties was completed within a relatively short period of two years during the Track Record Period, the risk relating to development of customized properties was generally lower than that relating to development of other type of properties.

- ***Liquidity position***. As customers for customized properties typically made initial payments at signing of customization agreements and made progress payments according to milestone schedules during the Track Record Period, compared to other type of properties, we received cash payments in an earlier stage of the development process and the development of customized properties required less upfront development expenditures on our part.

(3) Contracted Sales

The following table summarizes our contracted sales in terms of GFA, sales amount and ASP during the Track Record Period and up to December 31, 2013:

	Year ended December 31,			Nine months ended September 30,		From October 1, 2013 up to December 31,
	2010	2011	2012	2012	2013	2013
Contracted sales *(RMB'000)*	1,215,926	1,290,684	1,320,245	1,031,123	802,802	584,368
Contracted GFA *(sq.m.)*	262,314	208,549	200,031	157,420	112,818	113,211
Contracted ASP *(RMB/sq.m.)*	4,635	6,188	6,600	6,550	7,116	5,162

We generally recognize contracted sales of properties in respect of a development project after we have entered into relevant agreements with customers. There was a general increase in the total contracted sales of properties in our projects during the Track Record Period and up to December 31, 2013 as we entered into agreements with customers in relation to development and sale of properties in an increasing number of projects. The total contracted sales for the year ended December 31, 2013 was mainly attributable to the development and sale of properties in the Qingdao Optics Valley Software Park (Phase I – 1.3 to 1.4 and 1.5), the Ezhou OVU Science and Technology City (Phase I – 1.1), the Optics Valley Financial Harbour (Phase II) and the Optics Valley Software Park (Phase V). Furthermore, there was a general increase in the contracted ASP of properties in our projects during the Track Record Period as we increased the prices of properties in our projects when we entered into relevant agreements with customers and given the fact that customers were willing to pay higher prices for these properties which were developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities. The contracted ASP of properties in the Ezhou OVU Science and Technology City (Phase I – 1.1) was relatively low as the development costs in Ezhou were generally low, which resulted in the contracted ASP of properties in our projects for the three months ended December 31, 2013 lower than that for the nine months ended September 30, 2013.

(4) Car Parking Spaces

We have constructed above-ground car parking spaces in the Lido Top View, a residential project, and applied for and obtained property ownership certificates in respect of the car parking spaces in accordance with local rules and regulations. We sell the car parking spaces in the project separately to customers and entered into formal purchase agreements with them, through which they were able to obtain relevant property ownership certificates in respect of the car parking spaces.

Furthermore, we constructed underground car parking spaces in four business park projects, including the Optics Valley Software Park (Phases I-IV) and (Phase VI) and the Optics Valley Financial Harbour (Phase I) and (Phase II), and a residential project, the Romantic Town. Prior to implementation of the Wuhan Interim Provisions on Development and Utilization of Underground Spaces 《武漢市地下空間開發利用管理暫行規定》on July 1, 2013, there had been no rules or regulations in Wuhan regulating the application of property ownership certificates in respect of underground car parking spaces. According to the local general practice in Wuhan before July 1, 2013, we did not have property ownership certificates in respect of the respective underground car parking spaces other than entitlements to use (使用權) such car parking spaces in accordance with relevant permits. When we sold above-ground properties in these projects to customers, in some cases, we entered into supplemental agreements with them and sold the entitlements to use the underground car parking spaces. Customers in these cases paid considerations for the ownership in respect of above-ground property development and the entitlement to use underground car parking spaces. In other cases, we gave the entitlements to use the underground car parking spaces for free to customers that purchased above-ground properties. In accordance with terms of formal purchase agreements, the saleable GFA of each project only includes the GFA of above-ground properties, in respect of which we have property ownership certificates, but excludes the GFA of underground car parking spaces.

Our PRC legal advisors, Jingtian & Gongcheng, have advised us that under PRC laws, the sale of entitlements to use a certain property is deemed as a property lease, the maximum term of which is 20 years, and such agreements do not violate the relevant PRC laws and regulations. When we sold the entitlements to use the underground car parking spaces to customers, the term of supplemental agreements was only 20 years and we would give customers for free the entitlements to use the underground car parking spaces after 20 years so that the total number of years they can use the underground car parking spaces corresponds to that in relevant property ownership certificate in respect of the above-ground properties.

Our Directors consider that in substance, substantially all the risks and rewards incidental to ownership of the underground car parking spaces were transferred upon signing of the agreements in accordance with relevant accounting rules under the IFRS. Therefore, income from the underground car parking spaces is recognized as “property development” in our consolidated financial statements for the Track Record Period. In respect of the projects where we only have the entitlements to use underground car parking spaces, the turnover from property development includes (i) the turnover from sales of above-ground properties, and (ii) in some applicable cases, the turnover from sales of entitlements to use underground car parking spaces. The ASP of each project is currently calculated as the turnover from property development divided by the GFA of above-ground properties of the project. The ASP could be lower if the saleable GFA of the project includes the GFA of underground car parking spaces.

Business Operation Services

Turnover derived from our business operation services is recognized when relevant services are provided. Wuhan Lido Property Management and its subsidiaries provide such services to customers in our business parks as well as property developments owned by third parties.

The turnover from business operation services increased by RMB27.9 million, or 45.6%, from RMB61.2 million for the year ended December 31, 2010 to RMB89.1 million for the year ended December 31, 2011, and further by RMB42.2 million, or 47.4%, to RMB131.3 million for the year ended December 31, 2012. The turnover from business operation services increased by RMB19.1 million, or 22.1%, from RMB86.4 million for the nine months ended September 30, 2012 to RMB105.5 million for the nine months ended September 30, 2013. The growth in our turnover from business operation services was primarily because we developed and completed an increasing number of business parks, expanded scope of our services and increased the number of customers in our business parks.

Construction Contract

Turnover derived from construction services is recognized in profit or loss in proportion to the completion stage of construction services in accordance with agreed progress schedules in construction agreements. Wuhan Lido Technology undertakes decoration and improvement work for external parts and interior areas of buildings in our business parks and property developments owned by third parties.

The turnover from construction contract increased by RMB58.7 million, or 119.8%, from RMB49.0 million for the year ended December 31, 2010 to RMB107.7 million for the year ended December 31, 2011, and further by RMB87.4 million, or 81.2%, to RMB195.1 million for the year ended December 31, 2012, primarily because Wuhan Lido Technology provided interior and external decoration and improvement services to an increasing number of development projects located in our business parks and the projects owned by third parties as a result of the recognition by customers of its technical expertise, strong construction capabilities and brand. The turnover from construction contract increased by RMB48.9 million, or 52.2%, from RMB93.6 million for the nine months ended September 30, 2012 to RMB142.5 million for the nine months ended September 30, 2013, primarily due to the above reason.

Property Leasing

Turnover derived from our property leasing business represents turnover received and receivable from our investment properties, which has historically been generated from the rental of office spaces, and recognized in profit or loss in equal installments over the accounting periods covered by the lease term. In the future, we expect that our turnover from investment properties will increase as we develop additional business parks and increase our holding of investment properties.

The turnover from property leasing increased by RMB3.7 million, or 45.1%, from RMB8.2 million for the year ended December 31, 2010 to RMB11.9 million for the year ended December 31, 2011, and further by RMB5.7 million, or 47.9%, to RMB17.6 million for the year ended December 31, 2012. The turnover from property leasing increased by RMB6.7 million, or 61.5%, from RMB10.9 million for the nine months ended September 30, 2012 to RMB17.6 million for the nine months ended September 30, 2013. The growth in the turnover from property leasing was primarily due to increases in the property value, average rental price and occupancy rate of the investment properties as we developed our business park projects in a more mature and advanced stage and customers had significant demand for leasing of office properties in our business parks, as well as due to an overall increase in rental prices in local markets.

Development Management Services

Turnover derived from our development management services is recognized when we have provided services covering the full spectrum or certain phases of development and operation of business park and residential projects owned by third parties. Our service fee is calculated based on a fixed and pre-negotiated percentage of the total investment amount of each relevant project.

The turnover from development management services increased by RMB2.3 million, or 10.1%, from RMB22.8 million for the year ended December 31, 2010 to RMB25.1 million for the year ended December 31, 2011, and further by RMB11.0 million, or 43.8%, to RMB36.1 million for the year ended December 31, 2012, primarily due to the development management services we provided for Wuhan Hi-Tech Medical Devices Business Park (Phase I), Wuhan Future Technology City (Phase I) and the Lido Mason (Phase I). The turnover from development management services decreased by RMB3.4 million, or 17.3%, from RMB19.6 million for the nine months ended September 30, 2012 to RMB16.2 million for the nine months ended September 30, 2013 primarily because we completed the major development phase of the Lido Mason (Phase I) in 2012 in accordance with project development schedule.

Cost of Sales

Overview

Cost of sales comprises primarily (i) cost of properties sold in respect of our property development business (mainly including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies), (ii) cost of construction services (mainly including construction costs for decoration and improvement services provided by Wuhan Lido Technology), and (iii) other costs relating to other service businesses (including business operation services, construction contract and development management services). For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our cost of sales was approximately 63.8%, 73.3%, 68.2% and 69.6% of our turnover for the same periods, respectively. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	RMB'000	*% of cost of sales*	*RMB'000*	*% of cost of sales*	*RMB'000*	*% of cost of sales*	*RMB'000*	*% of cost of sales*	*RMB'000*	*% of cost of sales*
Land acquisition costs	36,011	7.2%	83,003	8.1%	97,995	7.9%	33,310	6.8%	52,645	6.7%
Construction costs	361,424	71.8%	584,492	56.8%	812,488	65.8%	295,344	60.3%	485,818	61.5%
Capitalized interest	16,300	3.2%	40,415	3.9%	54,862	4.4%	12,805	2.6%	33,955	4.3%
Other costs	89,804	17.8%	321,756	31.2%	270,033	21.9%	148,379	30.3%	217,398	27.5%
Total	**503,539**	**100.0%**	**1,029,666**	**100.0%**	**1,235,378**	**100.0%**	**489,838**	**100.0%**	**789,816**	**100.0%**

Cost of Properties Sold

The cost of properties sold for our property development accounted for a significant part of our total cost of sales during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the cost of properties sold accounted for 80.8%, 83.6%, 77.5% and 72.8% of our total cost of sales, respectively. The cost of properties sold consisted primarily of costs incurred directly for our property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies.

Construction Costs. Construction costs represent costs for the design and construction of a development project, consisting primarily of fees paid to our third-party contractors and designers and costs of construction materials. Our construction costs are affected by a number of factors such as prices of construction materials, locations and types of properties, choices of materials and investments in ancillary facilities. Historically, construction material costs, particularly the cost of steel and cement, have been a major factor affecting in our construction costs. Price movements of other supplies in relation to property development, including escalators, elevators, interior decoration materials and air conditioning systems, also impact our construction costs.

Land Acquisition Costs. Land acquisition costs represent costs relating to acquisition of the rights to occupy, use and develop land, including land premiums, demolition and resettlement costs, and other land-related taxes and government surcharges. The land acquisition costs are recognized as part of cost of sales upon completion and delivery of the relevant properties.

Capitalized Interest. Our borrowing costs are capitalized to the extent that such costs are directly attributable to the acquisition or construction of a project. In general, we capitalize finance costs incurred from the commencement of the planning and design of a project, which typically precedes the receipt of a construction works commencement permit, until the completion of construction. Such capitalized interest are included as part of the cost of sales for the relevant property when we recognize the property sales.

Other Costs. Other costs mainly include fair value adjustment in relation to acquisition of project companies that held land use rights.

The following table sets forth a breakdown of our cost of properties sold for the periods indicated:

	Year ended December 31,			**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
Land acquisition costs *(RMB'000)*	36,011	83,003	97,995	33,310	52,645
Construction costs *(RMB'000)*	332,824	542,466	716,799	260,867	464,515
Capitalized interest *(RMB'000)*	16,300	40,415	54,862	12,805	33,955
Other costs *(RMB'000)*	21,865	194,610	87,901	26,755	23,740
Total cost of properties sold *(RMB'000)*	406,999	860,493	957,556	333,737	574,855
GFA sold *(sq.m.)*	151,107	225,792	289,468	89,765	146,082
Average cost of properties sold *(RMB/sq.m.)*	2,693	3,811	3,308	3,718	3,935

There was a general increase in the cost of properties sold during the Track Record Period mainly attributable to the rising land costs as we acquired land parcels for development of an increasing number of projects and the rising costs of labor and raw materials driven by the general market conditions. The average cost of properties sold for the year ended December 31, 2011 was relatively high primarily because we controlled Wuhan Xuefu as a subsidiary through acquisition of a further 2% equity interest on November 23, 2011 and made an upward adjustment to the cost base of its completed properties held for sale, which we recognized as part of cost of sales as the relevant properties were sold in 2011 after the acquisition.

Gross Profit and Gross Profit Margin

The overall gross profit increased from RMB285.3 million for the year ended December 31, 2010 to RMB576.6 million for the year ended December 31, 2012 with a 2010-2012 CAGR of 42.2%. The overall gross profit increased by RMB129.1 million, or 59.7%, from RMB216.2 million for the nine months ended September 30, 2012 to RMB345.3 million for the nine months ended September 30, 2013. The growth in the overall gross profit during the Track Record Period was mainly attributable to (i) an increase in gross profit from property development as the GFA sold for business park and residential projects increased and the ASP, net of business tax, of the GFA sold for these projects increased as well, and (ii) increases in our other service businesses (including business operation services, construction contract and development management services) as we expanded scope of these services and developed new customers.

The overall gross profit margin decreased from 36.2% for the year ended December 31, 2010 to 26.7% for the year ended December 31, 2011, but increased to 31.8% for the year ended December 31, 2012, primarily due to the fluctuation of gross profit margin for property development. The overall gross profit margin remained stable at 30.6% for the nine months ended September 30, 2012 and at 30.4% for the nine months ended September 30, 2013 primarily because the gross profit margin for property development remained stable during the same period.

The gross profit from property development increased by RMB70.3 million, or 29.2%, from RMB240.6 million for the year ended December 31, 2010 to RMB310.9 million for the year ended December 31, 2011, and further by RMB163.4 million, or 52.6%, to RMB474.3 million for the year ended December 31, 2012. The gross profit from property development increased by RMB116.6 million, or 72.1%, from RMB161.8 million for the nine months ended September 30, 2012 to RMB278.4 million for the nine months ended September 30, 2013. The growth in gross profit from property development was primarily due to (i) a general increase in the GFA sold as we completed an increasing number of development projects, and (ii) an increase in the ASP of business park and residential properties, net of business tax, of the GFA sold for these projects as we increased the prices of properties sold and customers were willing to pay higher prices for properties of our projects which were developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities.

The gross profit margin for property development decreased from 37.2% for the year ended December 31, 2010 to 26.5% for the year ended December 31, 2011 primarily due to our acquisition of Wuhan Xuefu and control of it as a subsidiary in November 2011. From an accounting perspective, the 49% non-controlling equity interest in Wuhan Xuefu that we had previously held was deemed to be disposed of to a third party at the fair market value. The assets held by Wuhan Xuefu, consisting of completed properties held for sale, and investment properties, have been accounted for based on an upward adjustment to fair market value upon the acquisition. Such adjustment resulted in an increase in the cost base of the completed properties held for sale by Wuhan Xuefu, which we recognized as part of cost of sales as the relevant properties were sold after the acquisition. The higher cost of sales with respect to such properties would in turn have a negative effect on the gross profit margin we may achieve on the Romantic Town project, which consequently adversely affected our overall gross profit margin for property development. See the subsection headed "– Key Factors Affecting Our

Results of Operations – Acquisition of Entities" in this section for further discussion. The gross profit margin for property development increased further to 33.1% for the year ended December 31, 2012, and largely remained stable at 32.7% for the nine months ended September 30, 2012 and 32.6% or the nine months ended September 30, 2013, primarily due to an increase in the total GFA sold as we completed an increasing number of business park and residential projects, and an increase in the ASP for our business parks as we increased the prices of properties sold in 2012 and 2013 and customers were willing to pay higher prices for properties of our projects which were developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities.

As we are primarily engaged in business park developments, there were clear definitions of land costs, construction costs and capitalized interest in relation to the property development in our Group's accounting system during the Track Record Period. Based on such itemized financial information, we were able to calculate the gross profit from property development. On the other hand, our property leasing and other service businesses (including business operation services, construction contract and development management services) were ancillary to our major property development business and the labor costs (mainly salaries and benefits of our management) were a major component in the relevant cost of sales for these ancillary businesses. During the Track Record Period, we did not require the management and staff to enter detailed breakdown information in timesheets for the purpose of allocating their time and costs into different projects among these ancillary business segments. As a result, the respective gross profits from these ancillary business segments and the relevant gross profit margins during the Track Record Period are not disclosed in this prospectus.

Other Income

Our other income primarily consisted of (i) government grants, (ii) net gain on disposal of other non-current assets, (iii) compensation income and (iv) others. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,			**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Government grants	–	786	4,723	141	3,312
Net gain on disposal of other non-current assets	–	–	1,380	1,209	4
Compensation income	–	1	500	349	91
Others	621	662	847	345	1,181
Total	**621**	**1,449**	**7,450**	**2,044**	**4,588**

We received government grants from local governmental authorities in Wuhan, Ezhou and Huangshi for the development of business parks focusing on the industries of financial back-office service, software development, service outsourcing, and energy conservation, in line with local economic and industrial development plans. Local governments have discretions to determine the amounts of government grants to us and, in making such determinations, relevant local governments generally take into account a series of factors, including the project development progress, the number of leading enterprises, SMEs and start-up companies that have established their businesses in our business parks, and whether our business parks focus on the industries promoted by them. As of the Latest Practicable Date, other than the general requirements that we would have to assist local governments to attract companies to establish presence in relevant development zones and our relevant project companies are registered in those zones, there were no unfulfilled conditions or contingencies for our receipt of the government grants. The following table sets forth a breakdown of government grants for the periods indicated:

		Year ended December 31,			Nine months ended September 30,	
City	**Category**	**2010**	**2011**	**2012**	**2012**	**2013**
			(RMB'000)		*(RMB'000)* (unaudited)	
Wuhan	subsidies for business park project focusing on financial back-office service, software development, service outsourcing and energy conservation industries, as well as circular economy enterprises, and subsidies for software development, sales and marketing, creative industries, energy conservation, and the Optics Valley Software Park Exhibition Center	–	786	4,383	–	3,312
Ezhou	subsidies for business park project focusing on high-technology industry	–	–	200	–	–
Huangshi	subsidies for development management service	–	–	140	141	–
Total		**–**	**786**	**4,723**	**141**	**3,312**

Our Directors expect that as we develop and operate business parks focusing on the industries promoted by relevant local governments in line with local development plans in our target cities, we will continue to receive government grants from the relevant local governments.

Net gain on disposal of other non-current assets was derived from the sale of antique and art work collections to two related parties, Wuhan Qianbao Property and Wuhan Lido Investment.

Compensation income primarily consisted of penalties due to failures by third party construction contractors to complete certain development work in accordance with agreed progress schedules under relevant construction agreements.

Others primarily consisted of (i) deductions from salaries for employees' absence from work, (ii) refund of prepaid tax payments from local tax bureau after liquidation of a group company, (iii) income from sale of waste materials after completion of construction work, (iv) forfeiture of quality assurance deposits due to failures by construction contractors to complete construction work of the Optics Valley Software Park (Phase IV) in accordance with agreed progress schedules and construction management requirements, and (v) payment from customers in relation to bank charges for bill payment.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised advertising and promotional expenses, sales and marketing staff cost, travel and communication expenses, office administration expenses, depreciation expenses, and others.

Advertising and promotional expenses consisted primarily of fees associated with advertisements placed in various media outlets and expenses incurred in conducting marketing and other promotional activities for our business and projects, fees paid to third party professional agencies for sales planning and marketings, vehicle fees, utility and property management fees, maintenance fees, management fees for vacant properties, seasonal subsidies, and expenses for consumables. Sales and marketing staff cost consisted primarily of salaries and benefit expenses for sales and marketing personnel. Travel and communication expenses consisted primarily of transportation costs, communication expenses, and reception expenses. Depreciation expenses are primarily related to properties for sales and marketing activities. Other expenses primarily included miscellaneous fees and expenses for sales and marketing.

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Advertising and promotional expenses	5,212	6,278	17,384	11,709	20,404
Sales and marketing staff costs	7,125	10,874	15,294	9,581	8,151
Travel and communication expenses	975	1,761	3,086	2,363	1,806
Office administration expense	1,863	915	1,810	1,414	1,541
Depreciation expenses	226	710	535	484	422
Others	59	207	1,045	674	922
Total	**15,460**	**20,745**	**39,154**	**26,225**	**33,246**

Our selling and distribution expenses increased during the Track Record Period as we increased our sales and marketing employee headcount and engaged in more sales and marketing activities for the increasing number of developments. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our selling and distribution expenses were approximately 2.0%, 1.5%, 2.2% and 2.9% of our total turnover for the same periods, respectively.

Administrative Expenses

Administrative expenses primarily comprised administrative staff costs, office administration expenses, travel, meeting and communication expenses, other indirect taxes, depreciation and amortization expenses, professional fees, and others.

Administrative staff costs consisted primarily of salaries and employee benefit expenses for our management, administrative, finance and accounting staff. Office administration expenses consisted primarily of business administrative expenses, vehicle fees, utility and property management fees, seasonal subsidies, and office rental fees. Travel, meeting and communication expenses consisted primarily of expenses incurred for attending business meetings, conferences and trainings by our management, directors and other administrative personnel, including transportation costs, communication expenses, reception expenses, board fees, labor union expenses and training expenses. Other indirect taxes consisted primarily of property taxes and land use taxes for our office buildings. Depreciation and amortization expenses were related primarily to properties, facilities, intangible assets and low-value consumables used for our general operations. Professional fees primarily consisted of fees paid to finance, accounting and legal professionals. Others included primarily year-end bonus payments that Wuhan Lido Technology made to employees.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Administrative staff costs	21,073	43,101	54,200	28,221	36,636
Office administration expenses	5,783	11,413	14,521	10,405	15,696
Travel, meeting and communication expenses	6,512	9,718	13,851	8,724	10,979
Other indirect taxes	4,708	8,170	10,345	4,807	9,468
Depreciation and amortization expenses	2,395	4,509	7,197	8,211	4,997
Professional fees	3,636	2,297	11,972	20,905	8,389
Others	4,030	5,895	6,201	2,914	3,849
Total	**48,137**	**85,103**	**118,287**	**84,187**	**90,014**

Our administrative expenses increased during the Track Record Period as we increased our administrative employee headcount and expanded our business operations services for the increasing number of developments. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our administrative expenses were approximately 6.1%, 6.1%, 6.5% and 7.9% of our total turnover for the same periods, respectively.

Other Expenses

Other expenses comprised primarily of (i) net loss on disposal of property, plant and equipment, and (ii) others, which included primarily vehicle depreciation costs, payments for tax penalties due to delayed tax payments, compensation to employees for work-related injuries, and payment for a fine due to a breach of the original authorized area for a property development.

Increase in Fair Value of Investment Properties

We hold a small portion of properties developed for recurring rental income and capital appreciation purposes. Investment properties are properties held for rental income and are measured at cost on initial recognition. Subsequent to initial recognition, our investment properties are revalued at the end of relevant periods on an open market value or existing use basis by Savills Valuation, an independent property valuer. Any appreciation or depreciation in our investment property value is recognized as fair value gains or losses in our consolidated income statements.

For the year ended December 31, 2010, we increased our holding in investment properties by transferring various portions of the Optics Financial Harbour (Phase I) from inventory to investment properties. For the years ended December 31, 2011 and 2012, we did not increase any holding in investment properties. For the nine months ended September 30, 2013, we sold some shopping units in the Romantic Town as a customer was willing to pay higher prices for the properties which were developed in a more mature and advanced development stage. The following table sets out the breakdown of our fair value gain on investment properties for the periods indicated:

	Year ended December 31,			**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fair value gain in investment properties:					
Optics Valley Software Park (Phases I-IV) (光谷軟件園一至四期)	1,500	1,700	2,700	1,900	1,300
Optics Valley Financial Harbour (Phase I) (金融港一期)	–	14,455	800	600	600
Romantic Town (麗島漫城)	–	1,064	100	100	1,400
Lido Top View (麗島半山華府)	2,300	2,200	2,400	1,500	1,700
Lido Garden (麗島花園)	1,900	1,000	1,167	1,100	700
North Harbour Business Park (北港工業園)	1,100	2,000	1,000	700	400
Total	**6,800**	**22,419**	**8,167**	**5,900**	**6,100**

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, the fair value gains on investment properties contributed to approximately 3.8%, 10.0%, 2.9% and 4.5% of our profit from continuing operations, respectively. The increase in fair value of our investment properties during the Track Record Period reflected a rise in the property prices of our investment properties over the same period. Such increase was also in line with the appreciation in land and property rental value in comparable urban areas where our relevant investment properties are located.

Finance Income

Finance income comprised primarily interest income on loans and receivables, net realized and unrealized gains on other investments, and net exchange gain as a result of currency conversion between RMB and Hong Kong dollars by HK 3A in normal course of business. The following table sets forth a breakdown of our finance income for the periods indicated:

	Year ended December 31,			**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income	1,943	10,241	15,533	12,891	5,711
Net realized and unrealized gains on other investments	6,729	2,219	3,602	2,784	1,298
Net foreign exchange gain	–	–	224	–	–
Total	**8,672**	**12,460**	**19,359**	**15,675**	**7,009**

Net realized and unrealized gains on other investments are primarily related to the investment in certain listed equity securities, the investment in financial trusts, and the purchase of short-term low-risk financial products for capital preservation, all of which were unrelated to us and subsequently sold at gains, as well as the investment in Wuhan Optics Valley Bio-industry Investment Fund Co., Ltd.* (武漢光谷生物產業創業投資基金有限公司).

Finance Costs

Finance costs comprised primarily interest on borrowings mainly in connection with our projects less interest expense capitalized into properties under development and investment properties, and net realized and unrealized losses on other investments. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance costs					
Interest expenses	(43,878)	(67,341)	(131,095)	(124,063)	(114,362)
Less: capitalized interest expenses	42,411	66,003	130,089	123,196	104,201
	(1,467)	(1,338)	(1,006)	(867)	(10,161)
Net foreign exchange loss	–	–	–	–	(1,212)
Net realized and unrealized losses on other investments	(25)	(7,704)	(586)	(376)	(797)
Total	**(1,492)**	**(9,042)**	**(1,592)**	**(1,243)**	**(12,170)**

Net realized and unrealized losses on other investments are primarily related to the investments in certain listed equity securities, all of which were unrelated to us and subsequently disposed of at losses.

Share of Profit/(Losses) of Associates

Share of profit/(losses) of associates primarily consisted of our proportional share of profits or losses of the following three entities during the Track Record Period:

(i) Wuhan Xuefu: As a result of a series of share acquisitions from 2004 to 2009, we acquired a total of 49% equity interest in the project company. We acquired a further 2% equity interest at a consideration of RMB4.4 million and controlled it as a subsidiary in November 2011;

(ii) Wuhan Integrated Circuit Design Technology Co., Ltd.* (武漢集成電路設計工程技術有限公司): We held a 12.34% equity interest in the company upon its inception and acquired a further 3.37% equity interest for the purpose of long-term investment in 2007. The company is engaged in programming, simulation, synthesis, implementation, verification and testing of integrated circuits; and

(iii) Huangshi High-tech Accelerator Co., Ltd.* (黃石高新科技企業加速器發展有限公司): We established the company in 2012 jointly with the local government and held a 23.00% equity interest in the company as part of our efforts to assist in the development of SMEs. The company provides investment and consulting services.

We had share of profit of associates of RMB34.6 million for the year ended December 31, 2010, which primarily consisted of our share of profits of Wuhan Xuefu from sales of properties in the Romantic Town for that year in proportion to the 49% equity interests we held in the associate company. We had share of loss of associates of RMB4.5 million for the year ended December 31, 2011, which consisted of (i) our proportional share of losses in Wuhan Xuefu in relation to development costs incurred for the Romantic Town, prior to our acquisition of the company as a subsidiary in November 2011, and (ii) our proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd. We had share of loss of associates of RMB386,000 for the year ended December 31, 2012 and RMB323,000 for the nine months ended September 30, 2013, which primarily consisted of our proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

Share of profit/(losses) of joint ventures primarily consisted of our proportional share of losses of the following two entities during the Track Record Period:

(i) ***Wuhan Mason***. We acquired a 50% equity interest in the project company from Tianjin Meitong Development Ltd. (天津美通發展有限公司) and an individual, both being Independent Third Parties, and Wuhan Qianbao Property in March 2010, at a total consideration of RMB10.8 million. Wuhan Mason incurred selling and distribution expenses as well as administrative expenses in 2012 and the nine months ended September 30, 2013 when it commenced the sale of properties in the Lido Mason (Phase I) which is owned by Wuhan Mason and we have provided development management services for. We shared profits from sales of properties in the project in the second half of 2013 after completion of the project; and

(ii) ***Wuhan Zhihui Bio-tech Co., Ltd. (武漢智薈生物科技股份有限公司)***. We established the company jointly with Wuhan Kernel Bio-Tech in 2011, holding a 50% equity interest in the company. The company was principally engaged in the manufacture, sale, and research and development of feed stock, feed additives, biological products for environmental purification, and bio-fertilizers. We established the company jointly with Wuhan Kernel Bio-Tech mainly to manufacture and sell feed stock, feed additives and other products through its network. We disposed of our 50% equity interest in the company, together with our 81.0% equity interest in Wuhan Kernel Bio-Tech, to an Independent Third Party in late 2011 as part of our strategic plan to focus on business park development.

Share of loss of joint ventures increased by RMB5,000 from RMB242,000 for the year ended December 31, 2010 to RMB247,000 for the year ended December 31, 2011, and further to RMB4.7 million for the year ended December 31, 2012, mainly attributable to the selling and distribution expenses, and administrative expenses incurred by Wuhan Mason in connection with development and sale of properties in the Lido Mason (Phase I). We had share of profit of a joint venture of RMB36.7 million for the nine months ended September 30, 2013, which was attributable to sales of properties in the Lido Mason (Phase I) for that period in proportion to our 50% equity interest in Wuhan Mason.

Net Gain on Disposal of Associates

We had held a 49% equity interest in Wuhan Xuefu immediately before we acquired a further 2% equity interest and controlled it as a subsidiary in November 2011, which is a "step acquisition" under the IFRS. In accordance with relevant accounting treatment, the 49% non-controlling equity interest in Wuhan Xuefu that we had held prior to obtaining control is deemed to be disposed of to a third party and subsequently repurchased by us on the acquisition date. The remeasurement of fair value of the 49% non-controlling equity interest in Wuhan Xuefu under this treatment in November 2011 resulted in the net gain on disposal of associates of RMB68.8 million for the year ended December 31, 2011. See the subsection headed "– Key Factors Affecting Our Results of Operations – Acquisition of Entities" in this section for further discussion.

Income Tax

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax includes PRC enterprise income tax and LAT payable by our PRC subsidiaries. The following table sets forth the components of our income tax expenses for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax					
PRC enterprise income tax for the year/period	53,222	98,455	113,053	36,455	69,917
PRC land appreciation tax for the year/period	46,254	80,939	81,753	31,892	66,678
	99,476	179,394	194,806	68,347	136,595
Deferred taxation					
Origination and reversal of temporary differences	(9,079)	(42,402)	(25,449)	(14,713)	(9,140)
Tax expenses from continuing operations	90,397	136,992	169,357	53,634	127,455
Tax expenses from discontinued operation	–	11,632	–	–	–
Total income tax expenses	**90,397**	**148,624**	**169,357**	**53,634**	**127,455**

PRC Enterprise Income Tax

Pursuant to the PRC enterprise income tax law, our PRC income tax rate for our PRC subsidiaries is 25% effective from January 1, 2008.

PRC Land Appreciation Tax

All appreciation arising from the sale or transfer of land use right, and buildings and their attached facilities in the PRC is subject to land appreciation tax at progressive rates ranging from 30% to 60% of the appreciation value as determined in accordance with relevant tax laws. Under PRC tax laws and regulations, our properties in the PRC are subject to land appreciation tax on the appraised value of the land and the improvements on the land upon the sale of such properties. We are required to pay 1% to 3% of our sales and pre-sales proceeds as prepaid land appreciation tax.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized for deductible temporary differences, carried-forward unused tax credits and unused tax losses. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled.

Hong Kong Profits Tax

We did not provide for any Hong Kong profits tax as we had no business operations services subject to Hong Kong profits tax during the Track Record Period.

Cayman Islands Tax

The Cayman Islands currently levy no taxes on corporations based on profits, income, gains or appreciations. Therefore, we are not subject to any Cayman Islands income tax.

Effective Tax Rate

As a result of the foregoing, our effective tax rate, representing income tax expense divided by profit before taxation, was 33.7%, 38.0%, 37.9% and 48.4% for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively.

Profit from Discontinued Operations (Net of Income Tax)

Profit from discontinued operations was derived from our prior bio-pesticide manufacturing business. We held an approximately 81.0% equity interest in Wuhan Kernel Bio-Tech which operated the bio-pesticide manufacturing business. As part of our strategic efforts to focus on the business park development and operation, we conducted arm's length negotiations and entered into an agreement with an Independent Third Party on September 22, 2011 to dispose of our equity interest in Wuhan Kernel Bio-Tech. The terms and conditions of the agreement were on normal commercial terms. The consideration was RMB102.8 million with reference to the financial condition, production technologies and product portfolio of Wuhan Kernel Bio-Tech. The disposal was completed on November 17, 2011. See the subsection headed "Our History, Reorganization and Group Structure – Disposal of Wuhan Kernel Bio-Tech" in this prospectus for further discussion.

Profit Attributable to Non-controlling Interests

Non-controlling interests mainly represent equity interests in our subsidiaries held by various entities and are presented in the consolidated statement of financial position under equity, separately from equity attributable to the equity shareholders of our Company. See note 33(d) of the Accountants' Report in Appendix I to this prospectus for further details. We had profit attributable to non-controlling interests of RMB66.6 million, RMB112.1 million, RMB66.4 million and RMB17.1 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively, representing 36.3%, 43.2%, 23.9% and 12.6% of our profit for the same periods. The profit attributable to non-controlling interests for the year ended December 31, 2011 was relatively high primarily due to our acquisition the additional equity interests of Wuhan Xuefu and control of it as a subsidiary in November 2011. See the subsection headed "– Key Factors Affecting Our Results of Operations – Acquisition of Entities" in this section for further discussion. The profit attributable to non-controlling interests for the nine months ended September 30, 2013 was relatively low primarily due to our acquisition of the remaining non-controlling interests of Wuhan Optics Valley Union as part of the Reorganization.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Turnover

Our turnover increased by RMB429.0 million, or 60.8%, from RMB706.1 million for the nine months ended September 30, 2012 to RMB1,135.1 million for the nine months ended September 30, 2013. The major contributor to our turnover in these two periods was sales of properties in our projects.

Property Development

The following table sets forth the summary of turnover information from sales of properties for the periods indicated.

	Nine months ended September 30,											
	2012						2013					
Project	Turnover	Gross profit	Gross profit margin	GFA sold	ASP[(1)]	% of total segment turnover	Turnover	Gross profit	Gross profit margin	GFA sold	ASP[(1)]	% of total segment turnover
	(RMB'000)	*(RMB'000)*		*(sq.m.)*	*(RMB/sq.m.)*		*(RMB'000)*	*(RMB'000)*		*(sq.m.)*	*(RMB/sq.m.)*	
Business Park Projects												
Optics Valley Financial Harbour (Phase II – Buildings B1-B7, B9-B15 and B19) (光谷金融港二期B1-B7, B9-B15和B19棟)	34,810	14,921	42.9%	5,378	6,473	7.0%	766,983	245,832	32.1%	132,876	5,772	89.9%
Wuhan Innocenter (Phase I) (武漢研創中心一期)	–	–	–	–	–	–	77,499	31,132	40.2%	11,302	6,857	9.1%
Optics Valley Software Park (Phase VI) (光谷軟件園六期)	–	–	–	–	–	–	2,702	73	2.7%	579	4,667	0.3%
Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	254,626	73,412	28.8%	49,301	5,165	51.4%	–	–	–	–	–	–
Optics Valley Software Park (Phase V – Building B1) (光谷軟件園五期B1棟)	143,235	49,968	34.9%	25,655	5,583	28.9%	–	–	–	–	–	–
Residential Projects												
Romantic Town (麗島漫城)	48,453	16,144	33.3%	6,625	7,314	9.8%	3,857	811	21.0%	689	5,598	0.5%
Lido Top View (麗島半山華府)	13,186	7,225	54.8%	2,503	5,268	2.7%	–	(7)	–	–	–	–
Other properties[(2)]	1,257	160	12.7%	303	4,149	0.2%	2,213	558	25.2%	636	3,480	0.2%
Total	**495,567**	**161,830**	**32.7%**	**89,765**	**5,521**	**100.0%**	**853,254**	**278,399**	**32.6%**	**146,082**	**5,841**	**100.0%**

Notes:

(1) In accordance with terms of formal purchase agreements, the saleable GFA of each project only includes the GFA of above-ground properties, in respect of which we have property ownership certificates, but excludes the GFA of underground car parking spaces. Accordingly, the ASP of each project is currently calculated as the turnover from property development divided by the GFA of above-ground properties of the project. The ASP could be lower if the saleable GFA of the project includes the GFA of underground car parking spaces. See the subsection headed " – Results of Operations – Description of Certain Income Statement Items – Property Development" in this section for further discussion.

(2) Other properties refer to residential properties of our Group where development and sale of such properties were completed prior to the Track Record Period with outstanding balance settled during the Track Record Period.

Our turnover generated from sales of properties increased by RMB357.7 million, or 72.2%, from RMB495.6 million for the nine months ended September 30, 2012 to RMB853.3 million for the nine months ended September 30, 2013, primarily due to:

(i) an increase by RMB732.2 million in turnover from sales of properties in the Optics Valley Financial Harbour (Phase II – Buildings B1-B7, B9-B15 and B19) from RMB34.8 million for the nine months ended September 30, 2012 to RMB767.0 million for the nine months ended September 30, 2013, mainly because the GFA sold for the project increased by 127,498 sq.m. from 5,378 sq.m. for the nine months ended September 30, 2012 to 132,876 sq.m. for the nine months ended September 30, 2013 as we completed more properties in the project in accordance with development schedules, whereas the ASP, net of business tax, of the GFA sold for this project decreased by 10.8% from RMB6,473 per sq.m. for the nine months ended September 30, 2012 to RMB5,772 per sq.m. for the nine months ended September 30, 2013 as we offered competitive terms to our customers and entered into the relevant customization agreement with them; and

(ii) the turnover of RMB77.5 million from sales of properties in the Wuhan Innocenter (Phase I) as we completed the project and recognized the turnover for 11,302 sq.m. of the GFA sold for the nine months ended September 30, 2013; and

partially offset by

(i) a decrease by RMB254.6 million in turnover from sales of properties in the Optics Valley Financial Harbour (Phase I) as we completed the project and sold most properties in the project in 2012 in accordance with construction progress schedules;

(ii) a decrease by RMB143.2 million in turnover from sales of properties in the Optics Valley Software Park (Phase V – Building B1) as we completed the project and sold most properties in the project in 2012 in accordance with construction progress schedules; and

(iii) a decrease by RMB44.6 million in turnover from sales of properties in the Romantic Town from RMB48.5 million for the nine months ended September 30, 2012 to RMB3.9 million for the nine months ended September 30, 2013 as we sold shopping units in the project with a relatively higher ASP for the nine months ended September 30, 2012 and residential properties with a relatively lower ASP for the nine months ended September 30, 2013.

The total GFA sold increased by 43.3% from 89,765 sq.m. for the nine months ended September 30, 2012 to 146,082 sq.m. for the nine months ended September 30, 2013 as we completed an increasing number of business park projects, in particular, the Optics Valley Financial Harbour (Phase II – Buildings B1-B7, B9-B15 and B19) and the Wuhan Innocenter (Phase I). The overall ASP, net of business tax, of the total GFA sold for our business park and residential projects increased by 5.8% from RMB5,521 per sq.m. for the nine months ended September 30, 2012 to RMB5,841 per sq.m. for the nine months ended September 30, 2013, primarily because we increased the prices of properties sold in 2013 due to rising development costs and customers were willing to pay higher prices for properties of our projects which were developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities.

Business Operation Services

Our turnover generated from business operation services increased by RMB19.1 million, or 22.1%, to RMB105.5 million for the nine months ended September 30, 2013 from RMB86.4 million for the nine months ended September 30, 2012 because we developed and completed an increasing number of business parks, expanded scope of our services and increased the number of customers in our business parks.

Construction Contract

Our turnover generated from construction contract increased by RMB48.9 million, or 52.2%, from RMB93.6 million for the nine months ended September 30, 2012 to RMB142.5 million for the nine months ended September 30, 2013, primarily because Wuhan Lido Technology provided decoration and improvement services to an increasing number of development projects in our business parks and projects owned by third parties.

Property Leasing

Our turnover generated from rental income increased by RMB6.7 million, or 61.5%, from RMB10.9 million for the nine months ended September 30, 2012 to RMB17.6 million for the nine months ended September 30, 2013, primarily due to an increase in rental income from apartment buildings in the Optics Valley Financial Harbour (Phase I) as the property value and average rental price of investment properties in our business parks increased and customers had significant demand for leasing of office properties in our business parks, as well as due to an overall increase in rental prices.

Development Management Services

The following table sets forth the summary of turnover information with respect of our development management services for the periods indicated:

	Nine months ended September 30,			
	2012		2013	
Project	**Turnover**	**% of total segment turnover**	**Turnover**	**% of total segment turnover**
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Lido Mason (Phase I) (麗島美生)	7,106	36.2%	2,189	13.5%
Wuhan Future Technology City (Phase I) (武漢未來科技城一期)	5,084	25.9%	4,562	28.2%
Wuhan National Biotech Innovation Business Park (Phase I) (武漢國家生物產業創新基地一期)	5,931	30.2%	5,322	32.9%
Wuhan Hi-Tech Medical Devices Business Park (Phase I) (武漢高科醫療器械園一期)	1,506	7.7%	1,859	11.5%
Other residential projects	–	–	2,239	13.9%
Total	**19,627**	**100.0%**	**16,171**	**100.0%**

Our turnover generated from our development management services decreased by RMB3.4 million, or 17.3%, to RMB16.2 million for the nine months ended September 30, 2013 from RMB19.6 million for the nine months ended September 30, 2012, primarily due to a decrease by RMB4.9 million, or 69.0%, in turnover from development management services for the Lido Mason (Phase I) from RMB7.1 million for the nine months ended September 30, 2012 to RMB2.2 million for the nine months ended September 30, 2013 as we completed the major development stage of the projects in 2012 in accordance with relevant project development schedule.

Cost of Sales

Our cost of sales increased by RMB300.0 million, or 61.2%, from RMB489.8 million for the nine months ended September 30, 2012 to RMB789.8 million for the nine months ended September 30, 2013, primarily due to (i) an overall increase in cost of properties sold as a result of the increase in the total GFA of the business park projects sold to our customers, and (ii) an increase in costs relating to our service businesses as we provided different services to an increasing number of customers.

Cost of Properties Sold

Cost of properties sold increased by 72.3% from RMB333.7 million for the nine months ended September 30, 2012 to RMB574.9 million for the nine months ended September 30, 2013. The increase in cost of properties sold was primarily due to an overall increase in construction costs, land costs and finance costs as a result of the increase in the total GFA sold to our customers mainly in respect of the Optics Valley Financial Harbour (Phase II – Buildings B1-B7, B9-B15 and B19) and the Wuhan Innocenter (Phase I) as we developed and completed an increasing number of developments.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by RMB129.1 million, or 59.7%, from RMB216.2 million for the nine months ended September 30, 2012 to RMB345.3 million for the nine months ended September 30, 2013. Our overall gross profit margin remained stable at 30.6% for the nine months ended September 30, 2012 and at 30.4% for the nine months ended September 30, 2013.

Other Income

Our other income increased by RMB2.6 million from RMB2.0 million for the nine months ended September 30, 2012 to RMB4.6 million for the nine months ended September 30, 2013, primarily due to (i) an increase of approximately RMB3.2 million in government grants we received from local governmental authorities in Wuhan for the development of business parks focusing on the industries promoted by these authorities, and (ii) an increase in others mainly in relation to unclaimed refunds to property purchasers after expiry of relevant statutory periods.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB7.0 million, or 26.7%, from RMB26.2 million for the nine months ended September 30, 2012 to RMB33.2 million for the nine months ended September 30, 2013, primarily due to an increase in our advertising and promotional expenses as we engaged in more sales, marketing and advertising activities for the increasing number of projects.

Administrative Expenses

Our administrative expenses increased by RMB5.8 million, or 6.9%, from RMB84.2 million for the nine months ended September 30, 2012 to RMB90.0 million for the nine months ended September 30, 2013, primarily because (i) administrative staff costs increased as we increased our administrative employee headcount from 330 as of September 30, 2012 to 387 as of September 30, 2013 as we expanded our general operation for the increasing number of projects we developed and completed, and (ii) our office administration expenses, as well as travel, meeting and communication expenses, increased due to our expanded general operation scale.

Other Expenses

Our other expenses increased by RMB56,000, or 20.1%, from RMB278,000 for the nine months ended September 30, 2012 to RMB334,000 for the nine months ended September 30, 2013. The increase was primarily due to an increase in net loss on disposal of property, plant and equipment of RMB96,000, partially offset by a decrease in others of RMB32,000 mainly because Wuhan Lido Property Management compensated an employee in relation to a work-related injury in the first half of 2012.

Increase in Fair Value of Investment Properties

Fair value gains on our investment properties decreased by RMB0.2 million, or 3.4%, from RMB5.9 million for the nine months ended September 30, 2012 to RMB6.1 million for the nine months ended September 30, 2013. Fair value gains were recorded in both periods primarily due to the increasing property prices of our investment properties as overall rental prices in local markets generally increased.

Finance Income

Our finance income decreased by RMB8.7 million, or 55.4%, from RMB15.7 million for the nine months ended September 30, 2012 to RMB7.0 million for the nine months ended September 30, 2013, primarily because (i) our interest income on loans and receivables by RMB7.2 million, or 55.8%, from RMB12.9 million for the nine months ended September 30, 2012 to RMB5.7 million for the nine months ended September 30, 2013 mainly attributable to the interest income we received from Hubei Science & Technology Investment in 2012 on the relevant loan for land acquisition, and (ii) the net realized and unrealized gains on other investments decreased by RMB1.5 million, or 53.6%, from RMB2.8 million for the nine months ended September 30, 2012 to RMB1.3 million for the nine months ended September 30, 2013, as we sold certain listed equity securities.

Finance Costs

Our finance costs increased by RMB11.0 million from RMB1.2 million for the nine months ended September 30, 2012 to RMB12.2 million for the nine months ended September 30, 2013, primarily due to a decrease in capitalized interest expenses as the interest expenses in relation to the Optics Valley Software Park (Phase VI) project were not capitalized in the relevant period of 2013.

Share of Profit/(Losses) of Associates

Share of loss of associates decreased by RMB28,000, or 8.0%, from RMB351,000 for the nine months ended September 30, 2012 to RMB323,000 for the nine months ended September 30, 2013, primarily due to our proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

We had share of loss of joint ventures of RMB4.1 million for the nine months ended September 30, 2012, mainly attributable to our proportional share of losses in Wuhan Mason according to our 50% equity interest in the company. Wuhan Mason generated losses primarily due to selling and distribution expenses and administrative expenses incurred in connection with sale of properties in the Lido Mason (Phase I) and most of such expenses were incurred in 2012. We had share of profit of joint ventures of RMB36.7 million for the nine months ended September 30, 2013, which primarily consisted of our share of profits of Wuhan Mason from sales of properties in the Lido Mason (Phase I) for that period in proportion to our 50% equity interest in that company.

Net Gain on Disposal of Associates

Net gain on disposal of associates remained as nil for the nine months ended September 30, 2012 and 2013. See the subsection headed "– Results of Operations – Description of Certain Income Statement Items – Net Gain on Disposal of Associates" in this section for further discussion.

Income Tax

Our income tax expenses increased by RMB73.9 million, or 137.9%, from RMB53.6 million for the nine months ended September 30, 2012 to RMB127.5 million for the nine months ended September 30, 2013. The increase in income tax was primarily due to (i) an increase in PRC corporate income tax of RMB33.5 million, (ii) an increase in PRC land appreciation tax of RMB34.8 million as our pre-tax profit increased in line with the growth in the profit from our property development, and (iii) an decrease in deferred taxation of RMB5.6 million.

Profit from Continuing Operation

As a result of the foregoing, our profit from continuing operation increased by RMB66.2 million, or 94.7%, from RMB69.9 million for the nine months ended September 30, 2012 to RMB136.1 million for the nine months ended September 30, 2013.

Profit from Discontinued Operation (Net of Income Tax)

Our profit from discontinued operation (net of income tax) remained as nil for the nine months ended September 30, 2012 and 2013. See subsection headed "– Results of Operations – Description of Certain Income Statement Items – Profit from Discontinued Operations (Net of Income Tax)" in this section for further discussion.

Profit for the Period

As a result of the foregoing, our profit for the period increased by RMB66.2 million, or 94.7%, from RMB69.9 million for the nine months ended September 30, 2012 to RMB136.1 million for the nine months ended September 30, 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Turnover

Our turnover increased by RMB406.9 million, or 29.0%, from RMB1,405.2 million for the year ended December 31, 2011 to RMB1,812.0 million for the year ended December 31, 2012. The major contributor to our turnover in these two years was sales of properties in our projects.

Property Development

The following table sets forth the summary of turnover information from sales of properties for the periods indicated:

Project	2011 Turnover	2011 Gross profit	2011 Gross profit margin	2011 GFA sold	2011 ASP(1)	2011 % of total segment turnover	2012 Turnover	2012 Gross profit	2012 Gross profit margin	2012 GFA sold	2012 ASP(1)	2012 % of total segment turnover
	(RMB'000)	*(RMB'000)*		*(sq.m.)*	*(RMB/sq.m.)*		*(RMB'000)*	*(RMB'000)*		*(sq.m.)*	*(RMB/sq.m.)*	
Business Park Projects												
Optics Valley Financial Harbour (Phase II – Buildings B1, B3-B5 and B9-B11) (光谷金融港二期 B1, B3-B5和B9-B11 棟)	–	–	–	–	–	–	323,470	127,444	39.4%	65,220	4,960	22.6%
Optics Valley Software Park (Phase VI) (光谷軟件園六期)	–	–	–	–	–	–	299,380	45,355	15.1%	60,152	4,977	20.9%
Optics Valley Software Park (Phase V – Buildings B1-B2) (光谷軟件園五期B1-B2 棟)	247,469	64,643	26.1%	52,010	4,758	21.1%	318,669	131,446	41.2%	63,682	5,004	22.3%
Optics Valley Software Park (Phases I-IV) (光谷軟件園一至四期)(2)	–	–	–	–	–	–	6,559	4,586	69.9%	895	7,330	0.5%
Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	475,249	174,630	36.7%	104,075	4,566	40.6%	409,640	141,786	34.6%	87,543	4,679	28.6%
Residential Projects												
Lido Top View (麗島半山華府)	10,051	4,603	45.8%	1,838	5,468	0.8%	18,274	9,941	54.4%	3,130	5,839	1.3%
Romantic Town (麗島漫城)	434,241	66,058	15.2%	66,399	6,540	37.1%	51,401	15,197	29.6%	7,395	6,951	3.6%
Other properties(3)	4,419	1,003	22.7%	1,470	3,006	0.4%	4,500	666	14.8%	1,451	3,101	0.2%
Total	**1,171,429**	**310,937**	**26.5%**	**225,792**	**5,188**	**100.0%**	**1,431,893**	**476,421**	**33.3%**	**289,468**	**4,947**	**100.0%**

Year ended December 31,

Notes:

(1) In accordance with terms of formal purchase agreements, the saleable GFA of each project only includes the GFA of above-ground properties, in respect of which we have property ownership certificates, but excludes the GFA of underground car parking spaces. Accordingly, the ASP of each project is currently calculated as the turnover from property development divided by the GFA of above-ground properties of the project. The ASP could be lower if the saleable GFA of the project includes the GFA of underground car parking spaces. See the subsection headed " – Results of Operations – Description of Certain Income Statement Items – Property Development" in this section for further discussion.

(2) The turnover from sales of properties in the Optics Valley Software Park (Phases I-IV) includes, among others, that from sales of properties in the Optics Valley Software Park (Phases I-IV) and that from sales of properties in the Optics Valley Software Park Exhibition Center (Phase I).

(3) Other properties refer to residential properties of our Group where development and sale of such properties were completed prior to the Track Record Period with outstanding balances settled during the Track Record Period.

Our turnover generated from sales of properties increased by RMB260.5 million, or 22.2%, from RMB1,171.4 million for the year ended December 31, 2011 to RMB1,431.9 million for the year ended December 31, 2012, primarily due to:

(i) the turnover of RMB323.5 million from sales of properties in the Optics Valley Financial Harbour (Phase II – Buildings B1, B3-B5 and B9-B11) as we completed the project and recognized the turnover for 65,220 sq.m. of the GFA sold for the year ended December 31, 2012;

(ii) the turnover of RMB299.4 million from sales of properties in the Optics Valley Software Park (Phase VI) as we consolidated the turnover for 60,152 sq.m. of the GFA sold in respect of the completed project for the year ended December 31, 2012 after we acquired a 50% equity interest in Optics Valley Software Park and controlled it as a wholly-owned subsidiary; and

(iii) an increase by RMB71.2 million, or 28.8%, in turnover from sales of properties in the Optics Valley Software Park (Phase V – Buildings B1-B2) from RMB247.5 million for the year ended December 31, 2011 to RMB318.7 million for the year ended December 31, 2012, mainly because the GFA sold for the project increased by 11,672 sq.m. from 52,010 sq.m. for the year ended December 31, 2011 to 63,682 sq.m. for the year ended December 31, 2012 as we completed more properties in the project in accordance with development schedules in 2012, and the ASP, net of business tax, of the GFA sold for this project increased by 5.2% from RMB4,758 per sq.m. for the year ended December 31, 2011 to RMB5,004 per sq.m. for the year ended December 31, 2012 as we increased the prices of properties sold in 2012 due to rising development costs and the fact that customers were willing to pay higher prices for properties in the project which was developed in a more mature and advanced development stage in 2012 with well-developed infrastructure and supporting facilities; and

partially offset by:

(i) a decrease by RMB382.8 million, or 88.2%, in turnover from sales of properties in the Romantic Town from RMB434.2 million for the year ended December 31, 2011 to RMB51.4 million for the year ended December 31, 2012, mainly because the GFA sold for the project decreased by 59,004 sq.m. from 66,399 sq.m. for the year ended December 31, 2011 to 7,395 sq.m. for the year ended December 31, 2012 as we controlled Wuhan Xuefu as a subsidiary in 2011 and sold most residential properties of the project in that year, which was partially offset by an increase in the ASP, net of business tax, of the GFA sold for this project by 6.3% from RMB6,540 per sq.m. for the year ended December 31, 2011 to RMB6,951 per sq.m. for the year ended December 31, 2012 as a result of a general increase in the prices of residential units sold in 2012 due to rising development costs and the fact that customers were willing to pay higher prices for these residential units in the project; and

(ii) a decrease by RMB65.6 million, or 13.8%, in turnover from sales of properties in the Optics Valley Financial Harbour (Phase I) from RMB475.2 million for the year ended December 31, 2011 to RMB409.6 million for the year ended December 31, 2012, mainly because the GFA sold for the project decreased by 16,532 sq.m. from 104,075 sq.m. for the year ended December 31, 2011 to 87,543 sq.m. for the year ended December 31, 2012 as we sold more customized developments of the project to large customers and office space for general business use to retail customers in 2011 in accordance with development schedule, which was partially offset by an increase in the ASP, net of business tax, of the GFA sold for this project by 2.9% from RMB4,566 per sq.m. for the year ended December 31, 2011 to RMB4,697 per sq.m. for the year ended December 31, 2012 as we increased the prices of properties sold in 2012 due to rising development costs and customers were willing to pay higher prices for properties in the project.

The total GFA sold increased by 51.4% from 225,792 sq.m. for the year ended December 31, 2011 to 289,468 sq.m. for the year ended December 31, 2012 as we completed an increasing number of business park and residential projects. The overall ASP, net of business tax, of the total GFA sold for our business park and residential projects decreased slightly from RMB5,188 per sq.m. for the year ended December 31, 2011 to RMB4,947 per sq.m. for the year ended December 31, 2012, primarily because the contribution of the Romantic Town that had the relatively higher ASP of residential properties sold decreased from 37.1% of our turnover from property development for the year ended December 31, 2011 to only 3.6% of the turnover for the year ended December 31, 2012.

Business Operation Services

Our turnover generated from business operation services increased by RMB42.2 million, or 47.4%, to RMB131.3 million for the year ended December 31, 2012 from RMB89.1 million for the year ended December 31, 2011 because we developed and completed an increasing number of business parks and expanded scope of our services and increased the number of customers in our business parks.

Construction Contract

Our turnover generated from construction contract increased by RMB87.4 million, or 81.2%, from RMB107.7 million for the year ended December 31, 2011 to RMB195.1 million for the year ended December 31, 2012, primarily because Wuhan Lido Technology provided building interior and external decoration and improvement services to an increasing number of development projects in our business parks and projects owned by third parties as a result of the recognition by customers of its technical expertise, strong construction capabilities and brand.

Property Leasing

Our turnover generated from rental income increased by RMB5.7 million, or 47.9%, from RMB11.9 million for the year ended December 31, 2011 to RMB17.6 million for the year ended December 31, 2012, primarily because the property value and average rental price of investment properties increased as we developed our business park projects in a more mature and advanced stage and customers had significant demand for leasing of office properties in our business parks, as well as due to an overall increase in rental prices.

Development Management Services

The following table sets forth the summary of turnover information with respect of our development management services for the periods indicated:

	Year ended December 31,			
	2011		2012	
Project	**Turnover**	**% of total segment turnover**	**Turnover**	**% of total segment turnover**
	(RMB'000)		*(RMB'000)*	
Lido Mason (Phase I) (麗島美生)	6,447	25.7%	14,755	40.9%
Wuhan Hi-Tech Medical Devices Business Park (Phase I) (武漢高科醫療器械園一期)	1,470	5.9%	4,941	13.7%
Wuhan Future Technology City (Phase I) (武漢未來科技城一期)	4,381	17.5%	6,705	18.6%
Wuhan National Biotech Innovation Business Park (Phase I) (武漢國家生物產業創新基地一期)	7,719	30.8%	7,832	21.7%
Lido Liuyuan (麗島柳園)	4,595	18.3%	–	–
Other residential projects	445	1.8%	1,866	5.1%
Total	**25,057**	**100.0%**	**36,099**	**100.0%**

Our turnover generated from our development management services increased by RMB11.0 million, or 43.8%, to RMB36.1 million for the year ended December 31, 2012 from RMB25.1 million for the year ended December 31, 2011 primarily due to:

(i) an increase by RMB8.4 million, or 131.3%, in turnover from development management services for the Lido Mason (Phase I) from RMB6.4 million for the year ended December 31, 2011 to RMB14.8 million for the year ended December 31, 2012, primarily due to (i) a general increase in our service fees from 2011 to 2012 in accordance with relevant project development and payment schedules, and (ii) to a lesser extent, an additional sales agency fee paid to us in 2012 according to contractual terms.

(ii) an increase by RMB3.4 million, or 226.7%, in the turnover from development management services for the Wuhan Hi-Tech Medical Devices Business Park (Phase I) from RMB1.5 million for the year ended December 31, 2011 to RMB4.9 million for the year ended December 31, 2012, primarily due to (i) a bonus payment from the Wuhan Municipal Government in 2012 for completion of a certain part of the project, and (ii) a service fee we received in 2012 for commencement of a certain development phase in accordance with relevant project development and payment schedules; and

(iii) an increase by RMB2.3 million, or 52.3%, in turnover from development management services for the Wuhan Future Technology City (Phase I) from RMB4.4 million for the year ended December 31, 2011 to RMB6.7 million for the year ended December 31, 2012, primarily due to a general increase in our service fees from 2011 to 2012 in accordance with relevant project development and payment schedules; and

which were partially offset by a decrease by RMB4.6 million in turnover from development management services for the Lido Liuyuan from RMB4.6 million for the year ended December 31, 2011 to nil for the year ended December 31, 2012 as we completed a certain follow-up phase of the project in accordance with relevant contractual terms during 2011.

Cost of Sales

Our cost of sales increased by RMB205.7 million, or 20.0%, from RMB1,029.7 million for the year ended December 31, 2011 to RMB1,235.4 million for the year ended December 31, 2012, primarily due to (i) an overall increase in cost of properties sold as a result of the increase in the total GFA of the business park and residential projects sold to our customers, and (ii) increases in costs relating to our service businesses as we provided these services to an increasing number of customers.

Cost of Properties Sold

Cost of properties sold increased by 11.3% from RMB860.5 million for the year ended December 31, 2011 to RMB957.6 million for the year ended December 31, 2012. The increase in cost of properties sold was primarily due to an overall increase in construction costs, land costs and finance costs as a result of the increase in the total GFA sold to our customers mainly in respect of the Optics Valley Financial Harbour (Phase II – Buildings B1, B3-B5 and B9-B11), the Optics Valley Software Park (Phase V – Buildings B1-B2) and (Phase VI), and the Lido Top View as we developed and completed an increasing number of developments.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by RMB201.1 million, or 53.6%, from RMB375.5 million for the year ended December 31, 2011 to RMB576.6 million for the year ended December 31, 2012. Our overall gross profit margin increased from 26.7% for the year ended December 31, 2011 to 31.8% for the year ended December 31, 2012 primarily because the ASPs of business park and residential projects increased from 2011 to 2012 and the gross profit from sales of properties in the Optics Valley Software Park (Phase VI) contributed to our overall gross profit after we controlled the Optics Valley Software Park as a wholly-owned subsidiary and consolidated relevant turnover in 2012.

Other Income

Our other income increased by RMB6.0 million from RMB1.5 million for the year ended December 31, 2011 to RMB7.5 million for the year ended December 31, 2012, primarily due to (i) an increase of approximately RMB3.9 million in government grants we received from local governmental authorities in Wuhan, Ezhou and Huangshi for the development of business parks focusing on the industries promoted by these authorities, (ii) net gain on disposal of other non-current assets of RMB1.4 million from the sale of antique and art work collections to two related parties, Wuhan Qianbao Property and Wuhan Lido Investment, (iii) compensation income of RMB499,000 as third party construction contractors failed to complete certain development phases of the projects in accordance with agreed progress schedules and paid penalties to us pursuant to contractual terms, and (iv) an increase in others mainly in relation to sale of waste materials after completion of construction work.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB18.5 million, or 89.4%, from RMB20.7 million for the year ended December 31, 2011 to RMB39.2 million for the year ended December 31, 2012, primarily because (i) our advertising and promotional expenses increased as we engaged in more sales, marketing and advertising activities and hired more sales agents to promote our increasing number of projects, (ii) sales and marketing staff costs increased as we increased our sales and marketing employee headcount from 56 as of December 31, 2011 to 75 as of December 31, 2012 for the increasing number of projects we developed, and (iii) our travel and communication expenses increased as our expanded our sales and marketing operation scale.

Administrative Expenses

Our administrative expenses increased by RMB33.2 million, or 39.0%, from RMB85.1 million for the year ended December 31, 2011 to RMB118.3 million for the year ended December 31, 2012, primarily because (i) administrative staff costs increased as we increased our administrative employee headcount from 226 as of December 31, 2011 to 272 as of December 31, 2012 for the increasing number of projects we developed and completed, (ii) our office administration expenses, as well as travel, meeting and communication expenses, increased as we expanded our general operation scale, and (iii) we increased fees paid to finance, accounting and legal professionals for our expanded business.

Other Expenses

Our other expenses decreased by RMB228,000, or 32.1%, from RMB710,000 for the year ended December 31, 2011 to RMB482,000 for the year ended December 31, 2012. The decrease was primarily due to a decrease in net loss on disposal of property, plant and equipment of RMB453,000, partially offset by an increase in others of RMB277,000. Others of RMB65,000 for the year ended December 31, 2011 included only vehicle depreciation costs. Others of RMB342,000 for the year ended December 31, 2012 mainly included (i) a compensation of RMB160,000 by Wuhan Lido Property Management to employees in relation to a work-related injury, and (ii) donation expenditure of RMB70,000.

Increase in Fair Value of Investment Properties

Fair value gains on our investment properties decreased by RMB14.2 million, or 63.4%, from RMB22.4 million for the year ended December 31, 2011 to RMB8.2 million for the year ended December 31, 2012. Fair value gains were recorded in both years primarily due to the increasing property prices of our investment properties as overall rental prices in local markets generally increased.

Finance Income

Our finance income increased by RMB6.9 million, or 55.2%, from RMB12.5 million for the year ended December 31, 2011 to RMB19.4 million for the year ended December 31, 2012, primarily because (i) our interest income on loans and receivables increased by RMB5.3 million, or 52.0%, from RMB10.2 million for the year ended December 31, 2011 to RMB15.5 million for the year ended December 31, 2012, and (ii) the net realized and unrealized gains on other investments increased by RMB1.4 million, or 63.6%, from RMB2.2 million for the year ended December 31, 2011 to RMB3.6 million for the year ended December 31, 2012, mainly attributable to the purchase of short-term low-risk financial products for capital preservation, which we subsequently sold at gains.

Finance Costs

Our finance costs decreased by RMB7.4 million, or 82.2%, from RMB9.0 million for the year ended December 31, 2011 to RMB1.6 million for the year ended December 31, 2012, primarily due to a decrease in the net realized and unrealized losses on other investments by RMB7.1 million, or 92.2%, from RMB7.7 million for the year ended December 31, 2011 to RMB586,000 for the year ended December 31, 2012, mainly attributable to the disposal of listed and newly issued equity securities at losses.

Share of Profit/(Losses) of Associates

Share of loss of associates decreased by RMB4.1 million, or 91.1%, from RMB4.5 million for the year ended December 31, 2011 to RMB386,000 for the year ended December 31, 2012. We had share of loss of associates of RMB4.5 million for the year ended December 31, 2011, which consisted of (i) our proportional share of losses in Wuhan Xuefu in relation to development costs incurred for the Romantic Town prior to our acquisition of the company as a subsidiary in November 2011, and (ii) our proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd. We had share of loss of associates of RMB386,000 for the year ended December 31, 2012, primarily due to our proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

Share of loss of joint ventures increased by RMB4.5 million from RMB247,000 for the year ended December 31, 2011 to RMB4.7 million for the year ended December 31, 2012. Share of loss of joint ventures represented our proportional share of losses in Wuhan Mason according to our 50% equity interest in the company. Wuhan Mason generated losses primarily due to selling and distribution expenses and administrative expenses incurred in connection with sale of properties in the Lido Mason (Phase I) in 2012.

Net Gain on Disposal of Associates

Net gain on disposal of associates decreased from RMB68.8 million for the year ended December 31, 2011 to nil for the year ended December 31, 2012 as a result of our acquisition of a further 2% equity interest in Wuhan Xuefu at a consideration of RMB4.4 million and controlled it as a subsidiary in November 2011. From an accounting perspective, the 49% non-controlling equity interest in Wuhan Xuefu that we had previously held was deemed to be disposed of to a third party at the fair market value. See the subsection headed "– Key Factors Affecting Our Results of Operations – Acquisition of Entities" in this section for further discussion.

Income Tax

Our income tax expenses increased by RMB32.4 million, or 23.6%, from RMB137.0 million for the year ended December 31, 2011 to RMB169.4 million for the year ended December 31, 2012. The increase in income tax was primarily due to (i) an increase in PRC corporate income tax of RMB14.6 million, (ii) an increase in PRC land appreciation tax of RMB0.9 million as our pre-tax profit increased in line with the growth in the profit from our property development, and (iii) a decrease in deferred taxation of RMB17.0 million.

Profit from Continuing Operation

As a result of the foregoing, our profit from continuing operation increased by RMB54.3 million, or 24.3%, from RMB223.4 million for the year ended December 31, 2011 to RMB277.7 million for the year ended December 31, 2012.

Profit from Discontinued Operation (Net of Income Tax)

Our profit from discontinued operation (net of income tax) decreased from RMB35.8 million for the year ended December 31, 2011 to nil for the year ended December 31, 2012 because we disposed of our 81.0% equity interest in Wuhan Kernel Bio-pesticides, which operated our prior bio-pesticide manufacturing business, to an Independent Third Party, on normal commercial terms at a consideration of RMB102.8 million. See the subsection headed "– Results of Operations – Description of Certain Income Statement Items – Profit from Discontinued Operations (Net of Income Tax)" in this section for further discussion.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB18.5 million, or 7.1%, from RMB259.2 million for the year ended December 31, 2011 to RMB277.7 million for the year ended December 31, 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Turnover

Our turnover increased by RMB616.4 million, or 78.1%, from RMB788.8 million for the year ended December 31, 2010 to RMB1,405.2 million for the year ended December 31, 2011. The major contributor to our turnover in these two years was sales of properties in our business park and residential projects.

Property Development

The following table sets forth the summary of turnover information from sales of properties for the respective periods as indicated:

	Year ended December 31,											
	2010						2011					
Project	Turnover	Gross profit	Gross profit margin	GFA sold	ASP(1)	% of total segment turnover	Turnover	Gross profit	Gross profit margin	GFA sold	ASP(1)	% of total segment turnover
	(RMB'000)	*(RMB'000)*		*(sq.m.)*	*(RMB/sq.m.)*		*(RMB'000)*	*(RMB'000)*		*(sq.m.)*	*(RMB/sq.m.)*	
Business Park Projects												
Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	172,964	73,655	42.6%	42,898	4,032	26.7%	475,249	174,630	36.7%	104,075	4,566	40.6%
Optics Valley Software Park (Phase V – Buildings B1-B2) (光谷軟件園五期B1-B2棟)	–	–	–	–	–	–	247,469	64,643	26.1%	52,010	4,758	21.1%
Optics Valley Software Park (Phases I-IV) (光谷軟件園一至四期)(2)	292,083	100,263	34.3%	60,224	4,850	45.1%	–	–	–	–	–	–
Residential Projects												
Romantic Town (麗島漫城)	–	–	–	–	–	–	434,241	66,058	15.2%	66,399	6,540	37.1%
Lido Top View (麗島半山華府)	174,121	63,779	36.6%	45,271	3,846	26.9%	10,051	4,603	45.8%	1,838	5,468	0.9%
Other properties(3)	8,467	2,938	34.7%	2,714	3,120	1.3%	4,419	1,003	22.7%	1,470	3,006	0.3%
Total	**647,635**	**240,635**	**37.2%**	**151,107**	**4,286**	**100.0%**	**1,171,429**	**310,937**	**26.5%**	**225,792**	**5,188**	**100.0%**

Notes:

(1) In accordance with terms of formal purchase agreements, the saleable GFA of each project only includes the GFA of above-ground properties, in respect of which we have property ownership certificates, but excludes the GFA of underground car parking spaces. Accordingly, the ASP of each project is currently calculated as the turnover from property development divided by the GFA of above-ground properties of the project. The ASP could be lower if the saleable GFA of the project includes the GFA of underground car parking spaces. See the subsection headed " – Results of Operations – Description of Certain Income Statement Items – Property Development" in this section for further discussion.

(2) The turnover from sales of properties in the Optics Valley Software Park (Phases I-IV) includes, among others, that from sales of properties in the Optics Valley Software Park (Phases I-IV) and that from sales of properties in the Optics Valley Software Park Exhibition Center (Phase I).

(3) Other properties refer to residential properties of our Group where development and sale of such properties were completed prior to the Track Record Period with outstanding balances settled during the Track Record Period.

Our turnover generated from sales of properties increased by RMB523.8 million, or 80.9%, from RMB647.6 million for the year ended December 31, 2010 to RMB1,171.4 million for the year ended December 31, 2011, primarily due to:

(i) the turnover of RMB434.2 million from sales of properties in the Romantic Town as we controlled Wuhan Xuefu as a subsidiary through acquisition of a further 2% equity interest of it on November 23, 2011 and consolidated the turnover for 66,399 sq.m. of the GFA sold from the acquisition date until December 31, 2011;

(ii) an increase by RMB302.2 million, or 174.7%, in turnover from sales of properties in the Optics Valley Financial Harbour (Phase I) from RMB173.0 million for the year ended December 31, 2010 to RMB475.2 million for the year ended December 31, 2011, mainly because the GFA sold for the project increased by 61,177 sq.m. from 42,898 sq.m. for the year ended December 31, 2010 to 104,075 sq.m. for the year ended December 31, 2011 as we sold more customized developments to large customers and ready-built business space to retail customers in 2011, and the ASP, net of business tax, of the GFA sold for this project increased by 13.2% from RMB4,032 per sq.m. for the year ended December 31, 2010 to RMB4,566 per sq.m. for the year ended December 31, 2011 as we increased the prices of properties sold in 2011 due to rising development costs and also because customers were willing to pay higher prices for properties of the project which were developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities; and

(iii) the turnover of RMB247.5 million from sales of properties in the Optics Valley Software Park (Phase V – Buildings B1-B2) as we completed the project and recognized the turnover for 52,010 sq.m. of the GFA sold in the project for the year ended December 31, 2011; and

partially offset by:

(i) a decrease by RMB164.0 million, or 94.2%, in turnover from sales of properties in the Lido Top View from RMB174.1 million for the year ended December 31, 2010 to RMB10.1 million for the year ended December 31, 2011, primarily because the GFA sold for the project decreased by 43,433 sq.m. from 45,271 sq.m. for the year ended December 31, 2010 to 1,838 sq.m. for the year ended December 31, 2011 as we sold the remaining shop and residential units of the project in 2011, after we had sold most of residential properties of the project in 2010, while the ASP, net of business tax, of the GFA sold for this project increased by 42.2% from RMB3,846 per sq.m. for the year ended December 31, 2010 to RMB5,468 per sq.m. for the year ended December 31, 2011 as a result of a general increase in the prices of properties sold in 2011 due to rising development costs and the fact that customers were willing to pay higher prices for properties in the project which was developed in a more mature and advanced development stage in 2011; and

(ii) a decrease in turnover from sales of properties in the Optics Valley Software Park (Phases I to IV) from RMB292.1 million for the year ended December 31, 2010 to nil for the year ended December 31, 2011, as we sold and delivered most properties of the project to purchasers by 2010 and did not sell the remaining portion of the project for the year ended December 31, 2011.

The total GFA sold increased by 49.4% from 151,107 sq.m. for the year ended December 31, 2010 to 227,477 sq.m. for the year ended December 31, 2011 as a result of our acquisition and control of Wuhan Xuefu as a subsidiary in November 2011. The overall ASP, net of business tax, of the total GFA sold for our business park and residential projects increased by 21.0% from RMB4,286 per sq.m. for the year ended December 31, 2010 to RMB5,188 per sq.m. for the year ended December 31, 2011, primarily because (i) the ASP of residential properties in the Romantic Town that contributed to 37.1% of our turnover from property development for the year ended December 31, 2011 after we had acquired Wuhan Xuefu as a subsidiary was relatively higher due to the location, advanced development stage, and high quality construction of the project, and (ii) we increased the prices of properties sold in respect of our projects in 2011 due to rising development costs and customers were willing to pay higher prices for properties of our projects which were developed in a more mature and advanced stage.

Business Operation Services

Our turnover generated from our business operation services increased by RMB27.9 million, or 45.6%, from RMB61.2 million for the year ended December 31, 2010 to RMB89.1 million for the year ended December 31, 2011 because we developed and completed an increasing number of business parks, expanded scope of our services and increased the number of customers in our business parks.

Construction Contract

Our turnover generated from construction contract increased by RMB58.7 million, or 119.8%, from RMB49.0 million for the year ended December 31, 2010 to RMB107.7 million for the year ended December 31, 2011, primarily because (i) Wuhan Lido Technology provided building interior and external decoration and improvement services to an increasing number of development projects in our business parks and projects owned by third parties as a result of the recognition by customers of its technical expertise, strong construction capabilities and brand, and (ii) we consolidated turnover from Wuhan Jitian Construction after we acquired the entire equity interest in the company.

Property Leasing

Our turnover generated from rental income increased by RMB3.7 million, or 45.1%, from RMB8.2 million for the year ended December 31, 2010 to RMB11.9 million for the year ended December 31, 2011, primarily because the property value and average rental price of investment properties increased as we developed our business park projects in a more mature and advanced stage and customers had significant demand for leasing of office properties in our business parks, as well as due to an overall increase in rental prices.

Development Management Services

The following table sets forth the summary of turnover information for our development management services for the respective periods as indicated:

	Year ended December 31,			
	2010		2011	
Project	**Turnover**	**% of total segment turnover**	**Turnover**	**% of total segment turnover**
	(RMB'000)		*(RMB'000)*	
Wuhan Future Technology City (Phase I) (武漢未來科技城一期)	–	–	4,381	17.5%
Lido Mason (Phase I) (麗島美生一期)	4,218	18.5%	6,447	25.7%
Wuhan Hi-Tech Medical Devices Business Park (Phase I) (武漢高科醫療器械園一期)	750	3.3%	1,470	5.9%
Wuhan National Biotech Innovation Business Park (Phase I) (武漢國家生物產業創新基地一期)	7,848	34.4%	7,719	30.8%
Lido Liuyuan (麗島柳園)	8,437	37.0%	4,595	18.3%
Others residential projects	1,559	6.8%	445	1.8%
Total	**22,812**	**100.0%**	**25,057**	**100.0%**

Our turnover generated from our development management services increased by RMB2.3 million, or 10.1% from RMB22.8 million for the year ended December 31, 2010 to RMB25.1 million for the year ended December 31, 2011, primarily due to:

(i) the turnover of RMB4.4 million from development management services for the Wuhan Future Technology City (Phase I) for the year ended December 31, 2011 after the project development commenced in accordance with relevant project development schedule; and

(ii) an increase by RMB2.2 million, or 52.4%, in turnover from development management services for the Lido Mason (Phase I) from RMB4.2 million for the year ended December 31, 2010 to RMB6.4 million for the year ended December 31, 2011, primarily because our service fees generally increased from 2010 to 2011 in accordance with relevant project development and payment schedules;

which were partially offset by a decrease by RMB3.8 million, or 45.2%, in turnover from development management services for the Lido Liuyuan from RMB8.4 million for the year ended December 31, 2010 to RMB4.6 million for the year ended December 31, 2011, mainly because we received our service fees in accordance with relevant project development and payment schedules and most of the project had been completed in 2010.

Cost of Sales

Our cost of sales increased by RMB526.2 million, or 104.5%, from RMB503.5 million for the year ended December 31, 2010 to RMB1,029.7 million for the year ended December 31, 2011, primarily due to (i) an overall increase in cost of properties sold as a result of the increase in the total GFA of the business park and residential projects sold to our customers, and (ii) increases in costs relating to our services businesses as we provided services to an increasing number of customers.

Cost of Properties Sold

Cost of properties sold increased by 111.4% from RMB407.0 million for the year ended December 31, 2010 to RMB860.5 million for the year ended December 31, 2011. The increase in cost of properties sold was primarily due to an overall increase in construction costs, land costs and finance costs as a result of the increase in the total GFA sold to our customers mainly in respect of the Romantic Town, the Optics Valley Financial Harbour (Phase I) and the Optics Valley Software Park (Phase V – Buildings B1-B2) as we developed an increasing number of developments.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit increased by RMB90.2 million, or 31.6%, from RMB285.3 million for the year ended December 31, 2010 to RMB375.5 million for the year ended December 31, 2011. Our overall profit margin decreased from 36.2% for the year ended December 31, 2010 to 26.7% for the year ended December 31, 2011 primarily due to our acquisition of Wuhan Xuefu and control of it as a subsidiary in November 2011. From an accounting perspective, the 49% non-controlling equity interest in Wuhan Xuefu that we had previously held was deemed to be disposed of to a third party at the fair market value. The assets held by Wuhan Xuefu, consisting of completed properties held for sale and investment properties, have been accounted for based on an upward adjustment to fair market value upon the acquisition. Such adjustment resulted in an increase in the cost base of the completed properties held for sale by Wuhan Xuefu, which we recognized as part of cost of sales as the relevant properties were sold after the acquisition. The higher cost of sales with respect to such properties would in turn have a negative effect on overall gross profit margin we may achieve on the Romantic Town project, which adversely affected our overall gross profit margin. See the subsection headed "– Key Factors Affecting Our Results of Operations – Acquisition of Entities" in this section for further discussion.

Other Income

Our other income increased by RMB828,000, or 133.3%, from RMB621,000 for the year ended December 31, 2010 to RMB1.4 million in the year ended December 31, 2011, primarily due to the government grants of RMB786,000 were received from local governmental authorities in Wuhan as tax incentives for our development projects.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB5.2 million, or 33.5%, from RMB15.5 million for the year ended December 31, 2010 to RMB20.7 million for the year ended December 31, 2011, primarily because (i) sales and marketing staff costs increased as we increased our sales and marketing employee headcount from 38 as of December 31, 2010 to 56 as of December 31, 2011 for the increasing number of projects we developed, (ii) our advertising and promotional expenses increased as we engaged in more sales, marketing and advertising activities and hired more sales agents to promote our increasing number of projects, and (iii) our travel and communication expenses increased due to our expanded sales and marketing operation scale.

Administrative Expenses

Our administrative expenses increased by RMB37.0 million, or 76.9%, from RMB48.1 million for the year ended December 31, 2010 to RMB85.1 million for the year ended December 31, 2011, primarily because (i) administrative staff costs increased as we increased our administrative employee headcount from 145 as of December 31, 2010 to 226 as of December 31, 2011 for the increasing number of projects we developed, and (ii) our office administration expenses, as well as travel, meeting and communication expenses, increased as we expanded our general operation scale.

Other Expenses

Our other expenses decreased by RMB1.7 million, or 70.8%, from RMB2.4 million for the year ended December 31, 2010 to RMB710,000 for the year ended December 31, 2011. Others of RMB2.4 million for the year ended December 31, 2010 included primarily (i) payment for a tax penalty of RMB677,000 on Wuhan Optics Valley Union due to a delayed tax payment, (ii) payment for a tax penalty of RMB651,000 on Huangshi OVU Development due to a delayed tax payment, (iii) payment for a fine of RMB533,000 on Wuhan Optics Valley Union as the total GFA of an apartment building in the Optics Valley Financial Harbour (Phase I) exceeded the original authorized area, and (iv) compensation of RMB350,000 by Wuhan Lido Technology to an employee in relation to a work-related injury. Others of RMB530,000 for the year ended December 31, 2011 included only vehicle depreciation costs.

Increase in Fair Value of Investment Properties

Fair value gains on our investment properties increased by RMB15.6 million, or 229.4%, from RMB6.8 million for the year ended December 31, 2010 to RMB22.4 million for the year ended December 31, 2011, primarily due to the increasing property prices of our investment properties as overall rental prices in local markets generally increased. We transferred various portions of the Optics Financial Harbour (Phase I) from inventory to investment properties for the year ended December 31, 2010 and did not increase any holding in investment properties since then.

Finance Income

Our finance income increased by RMB3.8 million, or 43.7%, from RMB8.7 million for the year ended December 31, 2010 to RMB12.5 million for the year ended December 31, 2011, primarily due to an increase in our interest income on loans and receivables by RMB8.3 million, or 436.8%, from RMB1.9 million for the year ended December 31, 2010 to RMB10.2 million for the year ended December 31, 2011 as we developed an increasing number of development projects, partially offset by a decrease in net realized and unrealized gains on other investments by RMB4.5 million, or 67.2%, from RMB6.7 million for the year ended December 31, 2010 to RMB2.2 million for the year ended December 31, 2011 as we invested in certain listed equity securities in 2010 and starting in 2011, purchased short-term low-risk financial products for capital preservation.

Finance Costs

Our finance costs increased by RMB7.5 million, or 500%, from RMB1.5 million for the year ended December 31, 2010 to RMB9.0 million for the year ended December 31, 2011, primarily due to a significant increase in the net realized and unrealized losses on other investments from RMB25,000 for the year ended December 31, 2010 to RMB7.7 million for the year ended December 31, 2011, mainly attributable to the disposal of listed and newly issued equity securities at losses.

Share of Profit/(Losses) of Associates

We had share of profit of associates of RMB34.6 million for the year ended December 31, 2010, primarily due to our share of profits of Wuhan Xuefu from sales of properties in the Romantic Town for that year in proportion to the 49% equity interest we held in the company. We had share of loss of associates of RMB4.5 million for the year ended December 31, 2011, primarily due to our proportional share of losses in Wuhan Xuefu and Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

Share of loss of joint ventures increased by RMB5,000 from RMB242,000 for the year ended December 31, 2010 to RMB247,000 for the year ended December 31, 2011. Share of loss of joint ventures represented our proportional share of losses in Wuhan Mason according to our 50% equity interest in the company, primarily attributable to the selling and distribution expenses and administrative expenses incurred by Wuhan Mason for the Lido Mason (Phase I) in 2010 and 2011 before it completed the project.

Net Gain on Disposal of an Associate

Net gain on disposal of an associate increased from nil for the year ended December 31, 2010 to RMB68.8 million for the year ended December 31, 2011 as a result of our acquisition of a further 2% equity interest in Wuhan Xuefu at a consideration of RMB4.4 million and controlled it as a subsidiary in November 2011. From an accounting perspective, the 49% non-controlling equity interest in Wuhan Xuefu that we had previously held was deemed to be disposed of to a third party at the fair market value. See the subsection headed "– Key Factors Affecting Our Results of Operations – Acquisition of Entities" in this section for further discussion.

Income Tax

Our income tax expenses increased by RMB46.6 million, or 51.5%, from RMB90.4 million for the year ended December 31, 2010 to RMB137.0 million for the year ended December 31, 2011. The increase in income tax was primarily due to: (i) an increase in PRC corporate income tax of RMB45.2 million, and (ii) an increase in PRC land appreciation tax of RMB34.7 million as our pre-tax profit increased in line with the growth in the profit from our property development, which were partially offset by an increase in deferred taxation of RMB34.5 million.

Profit from Continuing Operation

As a result of the foregoing, our profit from continuing operation increased by RMB45.5 million, or 25.6%, from RMB177.9 million for the year ended December 31, 2010 to RMB223.4 million for the year ended December 31, 2011.

Profit from Discontinued Operation (Net of Income Tax)

Our profit from discontinued operation (net of income tax) of our prior bio-pesticide manufacturing business increased by RMB30.4 million, or 563%, from RMB5.4 million for the year ended December 31, 2010 to RMB35.8 million for the year ended December 31, 2011. See the subsection headed "– Results of Operations – Description of Certain Income Statement Items – Profit from Discontinued Operations (Net of Income Tax)" in this section for further discussion.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB76.0 million, or 41.5%, from RMB183.2 million for the year ended December 31, 2010 to RMB259.2 million for the year ended December 31, 2011.

LIQUIDITY AND CAPITAL RESOURCES

We use cash primarily to pay for construction costs, land costs (principally payment of land premiums), infrastructure costs, finance costs incurred in connection with our property developments, service our indebtedness, and to fund our working capital and normal recurring expenses. To date, we have primarily financed our expenditures through internally generated cash flows, being primarily cash generated through pre-sale and sale of our properties (including progress payments from customers of our customized developments and sales deposits from customers of our pre-sold properties), and proceeds from bank loans and other borrowings.

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash generated from/(used in) operating activities	541,460	(86,371)	(309,144)	(65,025)	(715,449)
Net cash generated from/(used in) investing activities	(168,271)	192,321	120,199	184,579	18,098
Net cash generated from/(used in) financing activities	137,549	(155,440)	275,082	386,320	616,472
Net increase/(decrease) in cash and cash equivalents	510,738	(49,490)	86,137	505,874	(80,879)
Cash and cash equivalents at beginning of year/period	400,648	911,322	861,762	861,762	947,899
Effect of foreign exchange rate changes	(64)	(70)	–	5	(9)
Cash and cash equivalents at end of year/period	911,322	861,762	947,899	1,367,641	867,011

Operating Activities

Our cash inflow from operating activities is primarily generated from proceeds from sales of our properties (including progress payments from customers of our customized developments and sales deposits from customers of our pre-sold properties). Our cash used in our operating activities mainly reflects (i) our expenditures for property developments, (ii) prepayments for land use rights certificates in respect of our projects planned for future development, and (iii) income tax payments.

For the nine months ended September 30, 2013, our net cash used in operating activities was RMB715.4 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was RMB236.2 million. The difference of RMB951.6 million was primarily attributable to (i) an increase in properties under development, completed properties held for sales and inventories of RMB730.9 million mainly in relation to funds used for the development and sale of the Creative Capital, the Lido 2046, the Wuhan Innocenter, the Optics Valley Financial Harbour (Phase II), the Optics Valley Software Park (Phase V) and the Qingdao Optics Valley Software Park, and (ii) a decrease in trade and other payables of RMB60.3 million mainly because we increasingly used Wuhan Lido Technology, rather than third party contractors, for decoration and improvement work in relation to project development, partially offset by a decrease in trade receivables of RMB11.0 million primarily as a result of payment for outstanding balances by customers.

For the year ended December 31, 2012, our net cash used in operating activities was RMB309.1 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was RMB437.0 million. The difference of RMB746.1 million was primarily attributable to (i) an increase in properties under development, completed properties held for sales and inventories of RMB993.6 million mainly in relation to funds used for the development and sale of the Creative Capital, the Lido 2046, the Wuhan Innocenter, the Optics Valley Financial Harbour (Phase II), the Optics Valley Software Park (Phase V), and the Qingdao Optics Valley Software Park, and (ii) a decrease in trade and other payables of RMB81.3 million mainly because we paid construction contractors and other suppliers in relation to the Optics Valley Financial Harbour (Phase II) as a certain phase of the project was completed in 2012 in accordance with the development schedule, and partially offset by a decrease in trade and other receivables of RMB490.2 million primarily as a result of payment for outstanding balances by customers.

For the year ended December 31, 2011, our net cash used in operating activities was RMB86.4 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was RMB294.4 million. The difference of RMB380.8 million was primarily attributable to (i) an increase in properties under development, completed properties held for sales and inventories of RMB419.5 million mainly in relation to funds used for the development and sale of the Lido 2046, the Optics Valley Financial Harbour (Phase I) and (Phase II), the Optics Valley Software Park (Phase V), the Creative Capital and the Wuhan Innocenter, and (ii) an increase in trade and other receivables of RMB35.8 million primarily as we expanded our operation scale and the trade receivable balance with our customers increase, partially offset by an increase in trade and other payables of RMB289.5 million mainly in relation to an increase in the proceeds of progress payments from customers of our customized developments and an increase in the proceeds of sales deposits from customers of our pre-sold properties.

For the year ended December 31, 2010, our net cash inflow from operating activities was RMB541.5 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was RMB233.1 million. The difference of RMB308.4 million was primarily attributable to (i) an increase in trade and other payables of RMB373.9 million mainly in relation to an increase in the proceeds of progress payments from customers of our customized developments and an increase in the proceeds of sales deposits from customers of our pre-sold properties, and (ii) a decrease in trade and other receivables of RMB77.0 million primarily as a result of payment for outstanding balances by customers, partially offset by an increase in properties under development, completed properties held for sales and inventories of RMB58.9 million mainly in relation to funds used for the development and sale of the Optics Valley Financial Harbour (Phase II), the Creative Capital, the Lido 2046 and the Optics Valley Software Park (Phase V).

Investing Activities

Our cash inflow from investing activities reflects primarily proceeds from our disposal of the approximately 81.0% equity interest in Wuhan Kernel Bio-Tech, net cash inflow in connection with our acquisition of subsidiaries, net cash inflow as a result of our acquisition of other investments, dividends received from our associate company, Wuhan Xuefu, loan repayments from our joint venture, Wuhan Mason, and interest received. Our net cash used in investing activities primarily includes cash outflow in connection with acquisition of property, plant and equipment for our expanded property developments, acquisition of other investments, and loan advanced to Wuhan Mason.

For the nine months ended September 30, 2013, our net cash generated from investing activities was RMB18.1 million, which was primarily attributable to proceeds from sales of other investments of RMB33.3 million in relation to sale of trading securities and other financial investment products, partially offset by acquisition of property, plant and equipment in the amount of RMB21.1 million mainly including construction in progress for our expanded property developments.

For the year ended December 31, 2012, our net cash generated from investing activities was RMB120.2 million, which was primarily attributable to (i) net cash inflow in total of RMB91.9 million in connection with our acquisitions of the Energy Conservation Technology Park, the Wuhan Financial Harbour Development and the Optics Valley Software Park as subsidiaries, (ii) loan repayment of RMB45.0 million from our joint venture, Wuhan Mason, (iii) proceeds from disposal of non-current asset of RMB48.7 million in relation to sale of antique and art work collections to two related parties, Wuhan Qianbao Property and Wuhan Lido Investment, (iv) interest received of RMB15.5 million, and (v) proceeds from sales of other investments of RMB15 million in relation to sale of trading securities and other financial investment products, partially offset by (i) acquisition of other investments of RMB50 million primarily in relation to investment in financial products, and (ii) acquisition of property, plant and equipment in the amount of RMB44.8 million mainly including construction in progress and motor vehicles for our expanded property developments.

For the year ended December 31, 2011, our net cash generated from investing activities was RMB192.3 million, which was primarily attributable to (i) net cash inflow in total of RMB167.4 million in connection with our acquisition of Wuhan Xuefu and Wuhan Jitian Construction as subsidiaries, (ii) proceeds from our disposal of the equity interest in Wuhan Kernel Bio-Tech in the amount of RMB93.1 million, and (iii) dividends received from our associate company, Wuhan Xuefu, in the amount of RMB24.5 million before we acquired the company as a subsidiary in November 2011, and partially offset by (i) acquisition of other non-current assets in the amount of RMB31.9 million in relation to acquisition of the antique and art work collections, (ii) acquisition of property, plant and equipment in the amount of RMB31.0 million mainly including construction in progress and motor vehicles for our expanded property developments, and (iii) loan in the amount of RMB30 million to our joint venture, Wuhan Mason.

For the year ended December 31, 2010, our net cash used in investing activities was approximately RMB168.3 million, which was primarily attributable to (i) an increase in investment in our joint venture, Wuhan Mason of RMB124.5 million, (ii) acquisition of other investments in the amount of RMB19.6 million in relation to acquisition of trading securities and other financial investment products, and (iii) loan in the amount of RMB15.0 million to Wuhan Mason.

Financing Activities

Our cash inflow from financing activities is mainly generated from bank loans and other borrowings as well as capital contributions from equity holders. Our cash used in financing activities consists primarily of repayment of bank loans and other borrowings, dividend payments, and interest payments.

For the nine months ended September 30, 2013, our net cash generated from financing activities was RMB616.5 million, which was primarily attributable to (i) proceeds from loans and borrowings of RMB1,381.3 million, and (ii) proceeds from loans from Hubei Science & Technology Investment in the amount of RMB63.7 million, partially offset by (i) repayment of bank and other loans of RMB472.2 million, (ii) interest and other borrowing costs paid of RMB114.4 million, (iii) dividend paid of RMB50.5 million, (iv) acquisition of equity interest from non-controlling equity holders in the amount of RMB258.5 million in relation to acquisition of minority equity interests in the Optics Valley Software Park and the Wuhan Optics Valley Union, and (v) repayment of loans from Hubei Science & Technology Investment in the amount of RMB141.8 million.

For the year ended December 31, 2012, our net cash generated from financing activities was RMB275.1 million, which was primarily attributable to (i) proceeds from loans and borrowings of RMB1,198.0 million, (ii) proceeds from loans from Hubei Science & Technology Investment in the amount of RMB236.9 million, (iii) a decrease in restricted cash of RMB217.9 million as we had pledged cash deposits against certain trade and other payables and subsequently replaced the collateral with properties under development for sale and completed properties held for sale, and (iv) capital contribution from equity holders of RMB33.2 million mainly in relation to capital contributions from minority shareholders of Energy Conservation Technology Park, and partially offset by (i) repayment of bank and other loans of RMB606.9 million, (ii) repayment of loans from Hubei Science & Technology Investment in the amount of RMB527.1 million, (iii) interest and other borrowing costs paid of RMB127.0 million, and (iv) dividend paid of RMB85.1 million.

For the year ended December 31, 2011, our net cash used in financing activities was RMB155.4 million, which was primarily attributable to (i) an increase in restricted cash of RMB220.0 million as we pledged cash deposits against certain trade and other payables in relation to our developments, (ii) repayment for bank and other loans of RMB215.9 million, (iii) repayment of loans from Hubei Science & Technology Investment in the amount of RMB214.6 million, (iv) interest and other borrowing costs paid of RMB74.1 million, and (v) dividend paid of RMB33.8 million, and partially offset by (i) proceeds of RMB490.0 million from loans and borrowings, and (ii) proceeds from loans from Hubei Science & Technology Investment in the amount of RMB142.8 million.

For the year ended December 31, 2010, our net cash used in financing activities was RMB137.5 million, which was primarily attributable to (i) proceeds from loans and borrowings of RMB310.0 million, (ii) proceeds from loans from Hubei Science & Technology Investment in the amount of RMB174.6 million, and (iii) capital contribution from equity holders of RMB51.7 million mainly in relation to capital contributions from minority shareholders of the Wuhan Optics Valley Union and the OV Energy Conservation Technology, and partially offset by (i) acquisition of equity interest from non-controlling equity holders in the amount of RMB192.3 million in relation to acquisition of minority equity interests in OV Financial Harbour Development, (ii) repayment for bank and other loans of RMB112.8 million, (iii) interest and other borrowing costs paid of RMB45.1 million, and (iv) dividend paid of RMB34.1 million.

DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Investment Properties

The following table sets forth the fair value of our investment properties during the Track Record Period:

	Investment property
	RMB'000
At January 1, 2010	240,400
Fair value adjustment	6,800
As of December 31, 2010	247,200
Representing:	
Cost	87,374
Valuation	159,826
	247,200
At January 1, 2011	247,200
Transfer from inventory	9,481
Acquisition of a subsidiary	12,100
Fair value adjustment	22,419
As of December 31, 2011	291,200
Representing:	
Cost	108,955
Valuation	182,245
	291,200
At January 1, 2012	291,200
Additions	433
Fair value adjustment	8,167
As of December 31, 2012	299,800
Representing:	
Cost	109,388
Valuation	190,412
	299,800
At January 1, 2013	299,800
Fair value adjustment	6,100
Transfer to assets held for sale	(6,710)
As of September 30, 2013	299,190
Representing:	
Cost	102,678
Valuation	196,512
	299,190

During the Track Record Period, the carrying amount of investment properties as of the end of each relevant reporting period increased. The carrying amount of investment properties as of December 31, 2010 as compared to that as of January 1, 2010 increased by RMB6.8 million, primarily due to fair value adjustment of RMB6.8 million reflecting a rise in the property prices of our investment properties.

The carrying amount of investment properties increased by RMB44 million, or 17.8%, from RMB247.2 million as of December 31, 2010 to RMB291.2 million as of December 31, 2011, primarily due to: (i) transfer from inventory of RMB9.5 million as we transferred an apartment building in the Optics Financial Harbour (Phase I) to investment properties, (ii) acquisition of a subsidiary of RMB12.1 million as we controlled Wuhan Xuefu as a subsidiary through acquisition of a further 2% equity interest in November 2011 and consolidated the shopping units in the Romantic Town held by the subsidiary as investment properties, and (iii) fair value adjustment of RMB22.4 million reflecting a rise in the property prices of our investment properties.

The carrying amount of investment properties increased by RMB8.6 million, or 3.0%, from RMB291.2 million as of December 31, 2011 to RMB299.8 million as of December 31, 2012, primarily due to: (i) addition of RMB433,000 as we made renovation, decoration and other improvements to increase the property value of investment properties, and (ii) fair value adjustment of RMB8.2 million reflecting a rise in the property prices of our investment properties.

The carrying amount of investment properties decreased by RMB0.6 million, or 0.2%, from RMB299.8 million as of December 31, 2012 to RMB299.2 million as of September 30, 2013, primarily due to the transfer of assets of RMB6.7 million from investment property to assets held for sale in our accounts, as a third-party customer was willing to pay higher prices for, and we sold, some shopping units in the Romantic Town which was developed in a more mature and advanced development stage.

Property under Development

Our property under development comprises (i) properties under development that are expected to be completed and available for sale within one year in accordance with project development schedules, primarily consisting of properties under development in the Optics Valley Financial Harbour (Phase II), the Optics Valley Software Park (Phase V), the Creative Capital, the Qingdao Optics Valley Software Park and the Wuhan Innocenter; (ii) properties held for future development for sale, which we did not yet obtain relevant construction works commencement permit but held for future development, primarily consisting of properties held for future development in the Lido 2046, the Creative Capital, and the Optics Valley Financial Harbour (Phase II); and (iii) properties under development for sale, which we expect to complete and sell after more than one year, primarily consisting of properties under development in the Lido 2046, the Creative Capital, and the Wuhan Innocenter.

The following table sets forth certain data with respect to our property under development as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected to be recovered within one year				
– Properties under development for sale	213,911	828,532	782,940	1,818,041
Expected to be recovered after more than one year				
– Properties held for future development for sale	660,431	587,962	117,673	161,936
– Properties under development for sale	–	288,408	829,237	644,546
	660,431	876,370	946,910	806,482
Total	**874,342**	**1,704,902**	**1,729,850**	**2,624,523**

The carrying amount of properties under development increased by RMB830.6 million, or 95.0%, from RMB874.3 million as of December 31, 2010 to RMB1,704.9 million as of December 31, 2011, further by RMB25.0 million, or 1.46% to RMB1,729.9 million as of December 31, 2012, and further by RMB894.6 million, or 51.7%, to RMB2,624.5 million as of September 30, 2013, primarily due to the development of the Optics Valley Software Park (Phases I-IV) and (Phase V), the Optics Valley Financial Harbour (Phase II), the Wuhan Innocenter (Phase I) and (Phase II), and the Lido 2046.

Properties under development with an aggregate carrying value of RMB293.3 million, RMB313.5 million, RMB543.1 million and RMB527.5 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, were pledged for certain bank loans granted to us. See the subsection headed "– Indebtedness, Contingent Liabilities and Net Current Assets – Indebtedness" in this section for further discussion.

Completed Properties Held for Sale

Completed properties held for sale consisted of certain completed properties in our business park and residential projects which remained unsold at the end of each financial period. Such completed properties held for sale are stated at cost which is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties.

The carrying amount of completed properties held for sale decreased by RMB18.3 million, or 5.6%, from RMB327.3 million as of December 31, 2010 to RMB309.0 million as of December 31, 2011, primarily due to a decrease in completed properties held for sale in respect of the Optics Valley Software Park (Phase I to IV). The carrying amount of completed properties held for sale increased by RMB632.2 million, or 204.6%, to RMB941.2 million as of December 31, 2012 from RMB309.0 million as of December 31, 2011, primarily due to increases in completed properties held for sale in respect of the Optics Valley Financial Harbour (Phase II) and the Wuhan Innocenter. The carrying amount of completed properties held for sale decreased by RMB94.5 million, or 10.0%, from RMB941.2 million as of December 31, 2012 to RMB846.7 million as of September 30, 2013, primarily due to a decrease in completed properties held for sale in respect of the Optics Valley Financial Harbour (Phase II).

Completed properties held for sale with an aggregate carrying value of RMB33.2 million, RMB34.6 million, RMB34.8 million and nil as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, were pledged for certain bank loans granted to us. See the subsection headed "– Indebtedness, Contingent Liabilities and Net Current Assets – Indebtedness" in this section for further discussion.

Trade and Other Receivables

Our trade and other receivables comprised amounts due from third parties (including trade receivables and bills receivable), amounts due from non-controlling equity holders, amounts due from related parties, prepayment, and prepaid business tax and other tax. The following table sets forth certain data with respect to our trade and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from third parties				
– Trade receivables	52,496	54,932	136,712	69,723
– Bills receivable	380	–	–	–
Amounts due from non-controlling equity holders	47	136,644	32,258	21,729
Amounts due from related parties	21,343	20,299	5,318	3,265
Prepayment				
– for properties held for development	–	39,700	668,078	699,045
– for construction cost and raw materials	7,158	15,602	111,718	123,827
Prepaid business tax and other tax	2,127	56,186	66,653	72,038
Others	33,338	39,544	80,794	99,128
Total	**116,889**	**362,907**	**1,101,531**	**1,088,755**

Our trade receivables due from third parties increased by RMB2.4 million, or 4.6%, from RMB52.5 million as of December 31, 2010 to RMB54.9 million as of December 31, 2011, and further by RMB81.8 million, or 149.0%, to RMB136.7 million as of December 31, 2012, mainly in relation to (i) an increase in the outstanding balance for decoration and improvement services that Wuhan Lido Technology provided for building external and interior areas in our business parks and property developments owned by third parties, and (ii) an increase in the number of customized developments for which customers were required to make remaining progress payments according to agreed milestone schedules after delivery of properties as we developed an increasing number of customized projects. Our trade receivables due from third parties decreased by RMB67.0 million, or 49.0%, from RMB136.7 million as of December 31, 2012 to RMB69.7 million as of September 30, 2013, primarily because Wuhan Lido Technology provided decoration and improvement services increasingly to our project companies, rather than external customers, as we strengthened our vertically integrated business model along the value-chain of the business park development industry. Our bill receivable of RMB380,000 as of December 31, 2010 was related to a bill of exchange accepted by Wuhan Kernel Bio-Tech, the company we disposed of in 2011. All trade and other receivables are denominated in RMB and are neither past due nor impaired.

Our trade receivables were primarily related to proceeds from the sales of properties. Proceeds from the sales of properties are settled by full payments or paid by installments in accordance with the terms of the relevant sale and purchase agreements. If a full payment is made, the settlement is normally required on the same day for signing of the sales contract. If payments are made in installments, 50% of the purchase price is typically required to be paid by the purchaser to us upon signing of the sale and purchase agreement, while the remaining amount is required to be paid within one year after signing of the sale and purchase agreement. The title of a property is typically transferred to the purchaser only upon the full payment of the purchase price by the purchaser.

Our prepayments were primarily related to land acquisition prices prepaid to the relevant local land authorities, and prepayments for construction material procurement and engaging contractors. Our prepayments fluctuated during the Track Record Period, mainly attributable to prepayments for land acquisition prices, construction material procurement and engaging contractors in relation to our property developments.

Our prepaid business tax and other tax were primarily related to business tax and other tax prepaid on customized developments and pre-sold properties. Our prepaid business tax and other tax fluctuated during the Track Record Period, in accordance with project development schedules as we developed an increasing number of projects.

The amounts due from related parties primarily consist of (i) trade receivables in relation to construction services Wuhan Lido Technology provided to Wuhan Mason and Wuhan Xuefu, (ii) our loans to Mr. Huang Liping and his controlled entity, Wuhan Qianbao Property, and (iii) amount due from other equity holders. The amounts due from related parties as of December 31, 2011 decreased by RMB1.0 million, or 4.7%, from RMB21.3 million as of December 31, 2010 to RMB20.3 million as of December 31, 2011, primarily due to (i) a decrease in trade receivable in relation to construction services Wuhan Lido Technology provided to Wuhan Xuefu from 2010 to 2011, and (ii) a decrease in our loan balance with Mr. Huang Liping. The amounts due from related parties decreased by RMB15.0 million, or 73.9%, from RMB20.3 million as of December 31, 2011 to RMB5.3 million as of December 31, 2012 primarily due to (i) a decrease in advances to Wuhan Qianbao Property, and (ii) a decrease in amount due from other equity holders. The amounts due from related parties as of September 30, 2013 decreased by RMB2 million, or 37.7%, to RMB3.3 million as compared to that as of December 31, 2012, primarily due to a decrease in amount due from other equity holders. The amounts due from related parties as set forth in the table above are unsecured, interest free and have no fixed terms of repayment. Except for the construction services Wuhan Lido Technology provided to Wuhan Mason in normal course of property development business, all the other amounts due from related parties will be fully settled before the Listing.

The amounts due from non-controlling equity holders consist primarily of our advances to Hubei Science & Technology Investment and to Wuhan East Lake High Technology, respectively, in relation to certain property development projects. The amounts due from non-controlling equity holders fluctuated during the Track Record Period, as we made advances to Hubei Science & Technology Investment and to Wuhan East Lake High Technology, respectively, in relation to business park development. The amounts due from non-controlling equity holders will be fully settled prior to the Listing.

The others consist primarily of our advances to construction companies in relation to property development, advances to employees, and performance bonds in relation to development management projects. Others increased during the Track Record Period, primarily due to an increase in advances to construction companies as we engaged more contractors for the increasing number of projects we developed, and an increase in performance bonds in relation to an increasing number of development management projects we were engaged.

The aging analysis of our trade receivables and bills receivable as of the dates indicated is as follows:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	20,518	992	92,087	8,660
Over 1 to 3 months	1,897	3,310	1,955	2,008
Over 3 to 6 months	486	14,320	16,593	9,682
Over 6 months	29,975	36,310	26,077	49,373
Total	**52,876**	**54,932**	**136,712**	**69,723**

Our trade receivable and bills receivable aged over six months as of September 30, 2013 accounted for approximately 50.0% of the total balance of our trade receivable and bills receivable as of the same date, primarily because according to agreed milestone schedules under the relevant customization agreements, as of the relevant reporting date, the customers were required, but had yet, to make remaining progress payments for a number of customized properties which had been delivered to them.

The average trade receivables turnover days were 24 days, 14 days, 27 days and 17 days for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. The average trade receivables turnover days are calculated by dividing the average of opening and ending balance of trade receivables for the relevant period by the corresponding turnover for the period and then multiplying by the number of days in that period. The average trade receivables turnover days for the year ended December 31, 2011 was relatively low, primarily because we consolidated the turnover of RMB434.2 million from sales of properties in Romantic Town for the year ended December 31, 2011, representing approximately 37.1% of the total turnover from property development that year, and there was no balance of trade receivables for the residential project pursuant to payment terms of the relevant sale and purchase agreements. The average trade receivables turnover days for the year ended December 31, 2012 was relatively high, primarily because we offered favorable terms and granted longer credit period to certain customers in respect of large-scale customized properties they purchased.

The following table sets forth the details of our trade and other receivables and prepayments as of September 30, 2013 set out above which had been subsequently settled as of January 31, 2014:

	Amounts as of September 30, 2013 subsequently settled as of January 31, 2014	**Percentage settled as of January 31, 2014**
	(RMB'000)	*(%)*
Amounts due from third parties		
– Trade receivables	21,848	31.3%
Amounts due from non-controlling equity holders	417	1.9%
Amounts due from related parties	623	19.1%
Others	14,803	14.9%
Total	**37,691**	**19.4%**

Trade and Other Payables

Our trade and other payables comprised amounts due to third parties (including trade payables, receipts in advance, accrued payroll, and other payables and accruals), amounts due to non-controlling equity holders, and amounts due to related parties (including amounts due to other related parties and dividend payable to the shareholders). The following table sets forth certain data with respect to our trade and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to third parties				
– Trade payables	238,620	626,674	731,661	803,226
– Notes payables	–	–	–	7,410
– Receipts in advance	550,323	1,020,538	1,263,451	991,509
– Accrued payroll	22,637	29,954	23,309	2,100
– Other payables and accruals	181,082	181,490	193,366	338,562
Subtotal	992,662	1,858,656	2,211,787	2,142,807
Amounts due to non-controlling equity holders	454,962	412,687	491,212	320,750
Amounts due to related parties	67,907	23,675	102,325	202,348
	522,869	436,362	593,537	523,098
Total	**1,515,531**	**2,295,018**	**2,805,324**	**2,665,905**

Our trade payables due to third parties increased by RMB388.1 million, or 162.7%, from RMB238.6 million as of December 31, 2010 to RMB626.7 million as of December 31, 2011, by RMB105.0 million, or 16.8%, to RMB731.7 million as of December 31, 2012, and further by RMB71.5 million, or 9.8%, to RMB803.2 million as of September 30, 2013. Our trade payables mainly represented the amounts due to contractors. Payment to contractors is made in installments according to agreed progress milestones. We normally retain 5% as retention payment. Included in our trade payables were retention payables which were expected to be settled after more than one year and amounted to RMB30.4 million, RMB31.0 million, RMB28.5 million and RMB4.8 million as of December 31, 2010 and 2011 and 2012 and September 30, 2013, respectively.

Our receipts in advance consisted primarily of progress payments from customers of our customized developments and earnest money deposits from customers in respect of our pre-sold properties. Proceeds of progress payments with respect to our customized developments and proceeds of sale deposits with respect to pre-sold properties are recognized as turnover when the construction of relevant properties is completed, such properties are delivered to purchasers and a large majority of the sales proceeds is paid to us by the purchaser as significant risks and rewards of ownership are transferred to the purchaser. Our receipts in advance increased by RMB470.2 million, or 85.4%, from RMB550.3 million as of December 31, 2010 to RMB1,020.5 million as of December 31, 2011, and further by RMB243.0 million, or 23.8%, to RMB1,263.5 million as of December 31, 2012, primarily because we received from customers more progress payments in respect of customized properties in business park projects and more earnest money deposits in respect of pre-sold properties as we developed an increasing number of projects during the relevant reporting periods. Our receipts in advance decreased by RMB272.0 million, or 21.5%, from RMB1,263.5 million as of December 31, 2012 to RMB991.5 million as of September 30, 2013 as we recognized turnover from sale of customized properties in the Optics Valley Financial Harbour (Phase II) and the Wuhan Innocenter (Phase I) for the nine months ended September 30, 2013.

Our accrued payroll consisted primarily of employee salaries, annual performance-based bonus payments and other benefits. We generally estimate annual bonus payments in the fourth quarter of each year based on our forecast of financial performance that year and make the bonus payments to our employees around the Chinese New Year holiday in the next year. Our accrued payroll increased by RMB7.4 million, or 32.7%, from RMB22.6 million as of December 31, 2010 to RMB30.0 million as of December 31, 2011, primarily due to an increase in our employee headcount as we developed an increasing number of projects and an increase in average compensation levels in our target cities as driven by the general market conditions. Our accrued payroll decreased by RMB6.7 million, or 22.3%, from RMB30.0 million as of December 31, 2011 to RMB23.3 million as of December 31, 2012, primarily because we overestimated the accrued payroll for 2011 and used the extra amount to offset against the accrued payroll for 2012. Our accrued payroll decreased by RMB21.2 million, or 91.0%, from RMB23.3 million as of December 31, 2012 to RMB2.1 million as of September 30, 2013, as annual bonus payments were generally estimated in the fourth quarter of each year and paid in early next year around Chinese New Year and thus were not included as our payables as of September 30, 2013.

The amounts due to related parties as of December 31, 2010 and 2011 primarily consist of other payables to related parties, and dividend payable to related entities as shareholders. The amounts due to related parties decreased by RMB44.3 million, or 65.1%, from RMB68.0 million as of December 31, 2010 to RMB23.7 million as of December 31, 2011, primarily due to a decrease in other payables to Wuhan Xuefu and Wuhan Qianbao Property from 2010 to 2011. The amounts due to related parties increased by RMB78.6 million, or 331.6%, from RMB23.7 million as of December 31, 2011 to RMB102.3 million as of December 31, 2012, primarily due to an increase in dividend payables and an increase in other payables to Mr. Huang Liping during the same period. The amounts due to related parties increased by RMB100.0 million, or 97.8%, from RMB102.3 million as of December 31, 2012 to RMB202.3 million as of September 30, 2013, primarily due to an increase in other payables to Wuhan Mason. The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment. Save for the shareholder loans from Hubei Science & Technology Investment which is a fully exempted connected transaction, all the other amounts due to non-controlling equity holders will be fully settled before the Listing.

The amounts due to non-controlling equity holders consist primarily of (i) principal, interest and other payables under entrusted loan arrangements on normal commercial terms, whereby we were the ultimate fund user for the unsecured loan which Hubei Science & Technology Investment borrowed from a third party bank and we were responsible for all payments actually incurred by Hubei Science & Technology Investment, (ii) receipt in advance from Hubei Science & Technology Investment in respect of certain properties to be delivered, and (iii) shareholder loans from Hubei Science & Technology Investment to Energy Conservation Technology Park and Wuhan Financial Harbour Development in relation to business park development in proportion to its equity interests in the respective project companies. Save for the amount of RMB1.9 million due to Wuhan Mason in the normal course of development management service business, all the other amounts due to related parties will be fully settled before the Listing.

Our other payables and accruals consisted primarily of fees payable to contractors in relation to development management projects, fees payable for operation of our projects, payable to contractors in respect of quality assurance deposits, payable to customers in respect of decoration and improvement deposits and rental deposits, payable to property purchaser in respect of deposits, and business tax payable. Our other payables and accruals remained relatively stable from 2010 to 2011. Our other payables and accruals increased by RMB11.9 million, or 6.6%, from RMB181.5 million as of December 31, 2011 to RMB193.4 million as of December 31, 2012, primarily due to an increase in fees payable to contractors in relation to development management projects, and an increase in fees payable for operation of our projects.

Our other payables and accruals further increased by RMB145.2 million, or 75.1%, to RMB338.6 million as of September 30, 2013. Of the RMB145.2 million increase, RMB49.8 million was mainly related to the Reorganization involving the acquisition of equity interests in Wuhan Optics Valley Union by certain individual shareholders and their indirect acquisition of equity interests in our Company correspondingly through a trust. The remaining amount of RMB95.4 million was mainly related to fees payable to contractors in relation to development management projects and fees payable for operation of our projects.

The aging analysis of our trade and notes payables as of the dates indicated is as follows:

	As of December 31,			**As of September 30,**
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	136,399	95,462	379,902	562,438
Over 1 to 12 months	24,018	468,783	111,392	201,059
Over 12 months	78,203	62,429	240,367	47,139
Total	**238,620**	**626,674**	**731,661**	**810,636**

The average trade and notes payables turnover days were 171 days, 219 days, 213 days and 277 days for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. The average trade payables turnover days are calculated by dividing the average of opening and ending balance of trade payables for the relevant period by the corresponding cost of sales in the period and then multiplying by the number of days in that period. There was an increasing trend of average trade payables turnover days during the Track Record Period primarily because we increasingly gained more bargaining power to negotiate with construction contractors and suppliers for longer credit terms in our favor, and we have increasingly developed high-rise buildings which require longer development cycles and a longer period of turnover days. The average trade payables turnover days for the year ended December 31, 2012 was relatively low primarily because we paid construction contractors and other suppliers in relation to the Optics Valley Financial Harbour (Phase II) as a certain phase of the project was completed in accordance with the development schedule in 2012.

KEY FINANCIAL RATIOS

The table below sets forth certain of our key financial ratios as of the dates or for the periods indicated:

	As of/for the year ended December 31,			As of/for the nine months ended September 30,
	2010	2011	2012	2013
Return on equity[(1)]	20.4%	19.4%	20.0%	12.6%
Current ratio[(2)]	1.37	1.38	1.47	1.51
Quick ratio[(3)]	63.2%	58.6%	64.0%	55.3%
Net debt to equity ratio[(4)]	-62.1%	-21.2%	18.8%	87.1%
Gearing ratio[(5)]	42.3%	53.7%	87.1%	147.5%

Notes:

(1) Profit from continuing operations/total equity x 100%. The return on equity ratio as of September 30, 2013 was annualized.

(2) Current assets/current liabilities.

(3) (Current assets - inventories)/current liabilities.

(4) Net debt/total equity x 100%; net debt comprises short-term borrowings and long-term borrowings minus cash and cash equivalents.

(5) Total debt/total equity x 100%; total debt comprises short-term borrowings and long-term borrowings.

Our return on equity ratio remained relatively stable during the three years ended December 31, 2012, mainly because our net profit increased during the same period primarily as a result of an increase in the total GFA completed and sold in respect of our business park and residential projects and an increase in the ASP, net of business tax, of the total GFA sold for our projects which were developed in a more mature and advanced stage with well-developed infrastructure and supporting facilities. Our return on equity decreased to 12.6% for the nine months ended September 30, 2013 while we completed a number of projects and recognized revenue in accordance with project development schedules in the fourth quarter of 2013.

Our current ratio increased from 1.37 as of December 31, 2010 to 1.38 as of December 31, 2011, further to 1.47 as of December 31, 2012, and further to 1.51 as of September 30, 2013, mainly attributable to an increase in our current assets primarily as a result of increases in properties under development and completed properties held for sale as we developed an increasing number of projects while the terms of a majority of loans and other borrowings for our property development were more than one year and our current liabilities increased at a slower pace compared to current assets.

Our quick ratio fluctuated during the Track Record Period. Our quick ratio decreased from 63.2% as of December 31, 2010 to 58.6% as of December 31, 2011, and from 64.0% as of December 31, 2012 to 55.3% as of September 30, 2013, primarily due to increases in properties under development and completed properties held for sale as we developed an increasing number of projects. Our quick ratio increased from 58.6% as of December 31, 2011 to 64.0% as of December 31, 2012, as we sold completed properties held for sale to customers and recognized revenue.

Our net debt to equity ratio increased from -62.1% as of December 31, 2010 to -21.2% as of December 31, 2011, further to 18.8% as of December 31, 2012, and further to 87.1% as of September 30, 2013, primarily because we increased banks loans and other borrowings for our development projects during the Track Record Period.

Our gearing ratio increased from 42.3% as of December 31, 2010 to 53.7% as of December 31, 2011, further to 87.1% as of December 31, 2012, and further to 147.5% as of September 30, 2013, primarily because we increased bank loans and other borrowings for an increasing number of development projects during the Track Record Period.

INDEBTEDNESS, CONTINGENT LIABILITIES AND NET CURRENT ASSETS

Indebtedness

Our borrowings during the Track Record Period were denominated in Renminbi. The following table sets forth a breakdown of our current and non-current bank loans and other borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2010	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current					
Secured					
– Bank Loans	30,000	–	100,000	772,500	732,500
– Other Borrowings	–	30,000	–	–	–
– Current portion of non-current bank loans	47,000	70,000	264,165	94,500	173,500
– Corporate bonds payable	–	–	–	–	11,025
	77,000	100,000	364,165	867,000	917,025
Unsecured					
– Bank Loans	–	42,000	42,000	162,000	152,000
– Current portion of other borrowings	–	70,000	70,000	–	–
– Corporate bonds payable	–	–	–	–	71,185
– Other payable	–	–	104,724	168,385	153,376
	–	112,000	216,724	330,385	376,561
Subtotal	**77,000**	**212,000**	**580,889**	**1,197,385**	**1,293,586**
Non-current					
Secured					
– Bank Loans	338,992	406,111	997,165	1,045,000	1,187,330
Less: Current portion of non-current bank loans	(47,000)	(70,000)	(264,165)	(94,500)	(173,500)
– Corporate bonds payable	–	–	–	–	545,381
	291,992	336,111	733,000	951,330	1,559,211
Pledged					
– Other borrowings	–	–	–	138,000	138,000
Unsecured					
– Other Borrowings	–	140,000	–	–	–
Less: Current portion of non-current other borrowings	–	(70,000)	–	–	–
	–	70,000	–	–	138,000
Subtotal	**291,992**	**406,111**	**733,000**	**1,089,330**	**1,697,211**
Total	**368,992**	**618,111**	**1,313,889**	**2,286,715**	**2,990,797**

Our total outstanding bank loans and other borrowings increased by RMB249.1 million, or 67.5%, from RMB369 million as of December 31, 2010 to RMB618.1 million as of December 31, 2011, further by RMB695.8 million, or 112.6%, to RMB1,313.9 million as of December 31, 2012, further by RMB972.8 million, or 74.0%, to RMB2,286.7 million as of September 30, 2013, and further to RMB2,990.8 million as of January 31, 2014, the Latest Indebtedness Date, primarily due to the increased funding needs to finance our expanded property development.

The annual interest rates of our bank loans and other borrowings ranged from 5.31% to 7.04%, 5.4% to 7.05%, 5.4% to 8.32%, and 5.68% to 12.0% for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 respectively.

As of December 31, 2010, 2011 and 2012, September 30, 2013 and the Latest Indebtedness Date, approximately RMB369.0 million, RMB436.1 million, RMB1,097.2 million, RMB1,818.3 million and RMB2,476.2 million, respectively, of our outstanding bank borrowings and corporate bonds were secured by our Group's assets with an aggregate net book value of RMB366.1 million, RMB616.9 million, RMB626.6 million, RMB575.6 million and RMB967.1 million, respectively, a summary of which is set forth in the table below:

	As of December 31,			As of September 30,	As of January 31,
	2010	**2011**	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties	8,200	34,100	35,300	30,337	174,794
Properties under development for sale	293,280	313,502	543,094	527,503	774,541
Completed properties held for sale	33,159	34,624	34,796	–	–
Property, plant and equipment	19,034	14,652	13,369	17,740	17,740
Lease Prepayment	12,464	–	–	–	–
Restricted cash	–	220,000	–	–	–
Total	**366,137**	**616,878**	**626,559**	**575,580**	**967,075**

As of September 30, 2013, we had the other borrowings of RMB138.0 million from Shanghai Jingzhao Aoxi Investment Center* (上海京兆奧喜投資中心) through entrusted loan arrangements with a third party bank in relation to the development of Hefei Financial Harbour project. The Hefei Financial Harbour project is wholly owned and developed by Hefei OVU Development, a project company in which we currently hold a 92% equity interest and Shanghai Jingzhao Aoxi Investment Center holds the remaining 8% equity interest. Our 92% equity interest in Hefei OVU Development was pledged for the other borrowings.

A secured syndicated bank loan with the value of RMB330 million as of September 30, 2013 was guaranteed by Mr. Huang Liping and his spouse.

The following table sets forth a summary of our current and non-current bank loans and other borrowings by maturity, as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2010	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	77,000	212,000	476,165	1,029,000	1,293,586
After 1 year but within 2 years	90,000	186,111	109,000	807,000	887,000
After 2 years but within 5 years	201,992	220,000	414,000	251,330	720,211
More than 5 years	–	–	210,000	31,000	90,000
Total	**368,992**	**618,111**	**1,209,165**	**2,118,330**	**2,990,797**

Except as described above and the contingent liabilities as described below in this prospectus, as of the Latest Indebtedness Date, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments or guarantees. Furthermore, our Directors confirmed that during the Track Record Period, we had no material defaults in payment of trade and non-trade payables and bank borrowings, nor breached any finance covenant.

Corporate Bond Issuances

Wuhan Optics Valley Union issued the long-term corporate bond of RMB600 million to 18 PRC banks, securities trading companies and investment funds on October 23, 2013. The main objectives for the issuance are to improve our capital structure by replacing the short-term loan with the long-term corporate bond and use the proceeds for development of the Optics Valley Financial Harbour (Phase II). The funds originally planned for development of the Optics Valley Financial Harbour (Phase II) will be used to repay the outstanding balance under entrusted loan arrangements with Hubei Science & Technology Investment before the Listing.

We obtained approvals for the issuance of the long-term corporate bond from the NDRC, the competent and responsible governmental authority, in September 2013. As advised by our PRC legal advisors, Jingtian & Gongcheng, an issuing entity must obtain an approval from the NDRC for any issuance of corporate bonds under the PRC laws, and under the applicable PRC laws and regulations, must meet several requirements to issue long-term corporate bonds, including, among others: (i) with respect to an issuing entity that is a PRC limited company, its net asset value shall be not less than RMB60.0 million, (ii) the issuing entity shall have implemented a complete accounting system and relevant financial procedures, (iii) the outstanding balance of corporate bonds shall be not more than 40% of the issuing entity's audited net asset value, (iv) the issuing entity has demonstrated its ability to achieve profitability in the latest three financial years and the average profit of the issuing entity over these three years is sufficient for the one-year interest payments of the long-term corporate bonds to be issued, (v) the use of proceeds from the corporate bonds is in line with the PRC governmental policies on industrial development and the issuing entity has completed requisite procedures in respect of the projects these proceeds will be used for, and (vi) the issuing entity has not seriously breached any PRC laws or regulations in the latest three financial years. Our PRC legal advisers, Jingtian and Gongcheng, are of the opinion that we had completed relevant procedures and complied with all requirements for the issuance of the long-term corporate bond.

The following sets forth the salient terms of the long-term corporate bond:

- ***Credit rating of the bond:*** AA+;
- ***Term:*** six years with the maturity date of October 23, 2019;
- ***Coupon rate:*** fixed in the first three years at the rate of not more than 7.35% per annum. We may in our discretion increase the coupon rate by up to 100 basic points on October 23, 2016. The adjusted coupon rate will be fixed for the remaining term of three years;
- ***Bondholder's put right:*** bondholders have right to sell all or part of the bond they hold to us on October 23, 2016; and
- ***Payment terms:*** annual interest payment on October 23 of each year, and the last payment on the maturity date consists of the principal payment and the last interest payment.

Under terms of the underwriting agreement for the long-term corporate bond, we are subject to certain restrictive covenants: (i) the proceeds from the issuance of corporate bond can be only used for the development of the Optics Valley Financial Harbor Phase II; and (ii) we must obtain the consent of bondholders with respect to any change in the use of proceeds, reduction of registered capital, as well as corporate merger, division, reorganization and dissolution.

In addition, Wuhan Optics Valley Union intends to issue the short-term corporate bond in an aggregate amount of RMB400 million to PRC institutional investors to fund our general working capital. The registration authority of short-term corporate bonds, the National Association of Financial Market Institutional Investors* (中國銀行間市場交易商協會) (the "NAFMII") registered our application in September 2013. On November 14, 2013, Wuhan Optics Valley Union issued the first batch of the short-term corporate bonds of RMB70 million to a PRC bank. As advised by our PRC legal advisors, Jingtian & Gongcheng, an issuing entity must have been validly existing under the PRC laws before any issuance of short-term bond and the outstanding balance of short-term bonds should not be more than 40% of the issuing entity's audited net asset value as of the end of the latest financial year. Our PRC legal advisers, Jingtian and Gongcheng, have further advised us that none of the PRC laws, nor the NAFMII or any other relevant governmental authorities when they evaluate and register short-term corporate bond applications, have mandated the accounting standards to be adopted for calculation of the audited net asset value. In our short-term corporate bond application, we used the PRC accounting standards to calculate the consolidated audited net asset value of Wuhan Optics Valley Union and its subsidiaries, and the NAFMII have registered our application. Our PRC legal advisors are of the opinion that we had completed relevant procedures and complied with all relevant requirements.

The following sets forth salient terms of the first batch of the short-term corporate bond:

- ***Credit rating of the bond:*** A-1;

- ***Term:*** 365 days with the maturity date of November 15, 2014;

- ***Coupon rate:*** fixed from 7.0 to 7.3% for the term of 365 days; and

- ***Payment terms:*** principal and interest payment on the maturity date.

Our PRC legal advisers, Jingtian & Gongcheng, have advised us that none of the PRC laws and regulations require the aggregation of outstanding balances of short-term and long-term corporate bonds when determining whether an issuing entity meets the requirement of 40% of its audited net asset value. In practice, with respect to issuance of mid- and long-term corporate bonds, an issuing entity only calculates the outstanding balance of mid- and long-term corporate bonds and compares it against 40% of its audited net asset value in the bond application. The NDRC as the responsible authority approves the bond application after finding that the issuing entity meets the relevant requirements. In comparison, with respect to issuance of short-term corporate bonds, an issuing entity only calculates the outstanding balance of short-term corporate bonds and compares it against 40% of its audited net asset value. The NAFMII as the responsible authority registers the bond application after finding that the issuing authority meets the relevant requirements.

Restrictive Covenants

We are subject to various customary conditions and covenants under the terms of our loan agreements. For example, under the agreement in relation to the syndicated loan facility extended to Wuhan Optics Valley Union and guaranteed by Mr. Huang Liping and his spouse, the company is required to inform or obtain a written consent from the syndicate prior to carrying out certain activities and entering into certain transactions, including but not limited to (i) taking new financing from third party; (ii) pledging its equity interests or assets to any third party; (iii) providing guarantee in favor of any third party; (iv) disposing of its operating assets or assets more than 20% of its total assets; (v) making dividend distributions more than 50% of the company's net profits in a financial year; (vi) making any investment more than RMB50 million in a single transaction or with the annual cumulative amount more than RMB200 million; (vii) entering into transactions involving consolidation, spin-off, share transfer and reorganization; (viii) reducing registered capital or capital stock; and (ix) any decrease in collateral value or guarantor's ability to provide guarantee.

Under a certain loan agreement that Wuhan Optics Valley Union entered into with a PRC bank to fund development of the Lido 2046, the company is required not to make any dividend distribution from the profit generated from the project without a written consent from the bank, before the outstanding loan balance (including principal, interests and other fees) is paid off. Under a certain loan agreement that OV Energy Conservation Technology entered into with a PRC bank to fund construction of the energy stations for the Optics Valley Financial Harbour, the company is required to not make any dividend distribution before the outstanding loan balance is paid off.

Contingent Liabilities

In accordance with market practice, we provide guarantees for our customers' mortgage loans with PRC banks to facilitate their purchases of our pre-sold properties. Guarantees for mortgages on pre-sold properties begin simultaneously with the respective mortgages, and are generally discharged at the earlier of: (i) the customer obtains the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the customer. Pursuant to terms of our guarantees, for a given mortgage loan, if there is any default of the mortgage payments by a customer, we are responsible to repay to the bank outstanding balance of the mortgage loan as well as accrued interests and penalties owned by the defaulted customer. If we fail to do so, the mortgagee bank will auction the underlying property and recover the remaining balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks.

As of December 31, 2010, 2011 and 2012, September 30, 2013 and the Latest Indebtedness Date, the outstanding guarantees for mortgage loans by the customers of our pre-sold properties were approximately RMB207.6 million, RMB236.3 million, RMB453.4 million, RMB295.4 million and RMB271.6 million, respectively. We believe that in case of default on mortgage loan payments by customers, it is not probable that we will sustain a loss because we can take over the ownerships of underlying properties and sell them at fair market values to recover the outstanding balances of mortgage loans we have guaranteed. Our Directors are of the view that the fair value of these guarantees is not significant and we have not recognized any deferred income in respect of these guarantees.

As of the Latest Indebtedness Date, save as disclosed above, we had not guaranteed the indebtedness of any Independent Third Party.

Our Directors confirm that there has not been any material adverse change in our indebtedness or contingent liabilities since the Latest Indebtedness Date.

Off-Balance Sheet Arrangements

As of January 31, 2014, the Latest Indebtedness Date, save for the mortgage loan guarantees disclosed under "contingent liabilities", we did not have any material off-balance sheet arrangement.

NET CURRENT ASSETS POSITION

Our current assets consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracting work-in-progress, and cash and cash equivalents. Apart from cash and cash equivalents, these items represent costs related to the development of our projects.

Our current liabilities consist primarily of trade and other payables, loans and borrowings, and current tax liabilities. Trade and other payables represent costs related to our development activities.

Our net current assets have been significantly affected by our rapid growth and our property development and delivery schedules during the Track Record Period. Properties under development and completed properties held for sale are recorded at cost. The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2010	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Properties under development	874,342	1,704,902	1,729,850	2,624,523	3,308,865
Completed properties held for sale	327,260	309,002	941,206	846,727	862,814
Inventories and contracting work-in-progress	46,469	69,127	130,479	160,922	200,072
Trade and other receivables	116,889	362,907	1,101,531	1,088,755	1,094,638
Current tax assets	21,381	66,268	49,467	78,659	32,578
Restricted bank deposits	2,180	222,180	4,288	15,491	3,630
Cash and cash equivalents	911,322	861,762	947,899	867,011	1,034,308
Assets held for sale	–	–	–	18,550	–
Other investments	19,624	20,976	58,316	24,263	122,220
Total current assets	**2,319,467**	**3,617,124**	**4,963,036**	**5,724,901**	**6,659,125**
Current liabilities					
Trade and other payables	1,515,531	2,295,018	2,805,324	2,665,905	2,637,146
Loans and borrowings	77,000	212,000	476,165	1,029,000	1,058,000
Current tax liabilities	103,809	112,885	95,181	89,549	175,324
Corporate bonds payable	–	–	–	–	82,210
Total current liabilities	**1,696,340**	**2,619,903**	**3,376,670**	**3,784,454**	**3,952,680**
Net current assets	**623,127**	**997,221**	**1,586,366**	**1,940,447**	**2,706,445**

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

During the Track Record Period, our capital expenditures were primarily related to expenditure for our construction in progress development, purchases of property, plant and equipment in relation to property development, and purchases of intangible assets.

The following table sets forth a breakdown of our capital expenditure for the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	55,477	66,247	99,477	104,107
Intangible assets	2,185	447	4,246	4,458
Total	**57,662**	**66,694**	**103,723**	**108,565**

Our capital expenditure increased by RMB9.0 million, or 15.7%, from RMB57.7 million for the year ended December 31, 2010 to RMB66.7 million for the year ended December 31, 2011, further by RMB37.0 million, or 55.5%, to RMB103.7 million for the year ended December 31, 2012. Our purchases of property, plant and equipment increased during the Track Record Period mainly in relation to our purchases of distributed energy supply stations and transmission power lines for the Energy Conservation Technology Park. Our purchases of intangible assets increased during the Track Record Period primarily in relation to our purchases of office software, Kingdee financial and cost management software and Glodon engineering software for the establishment and development of our integrated office automation system.

We estimate that our total capital expenditures for the year ended December 31, 2013 and thereafter have increased and will further increase as our business and operations continue to expand. We anticipate that these capital expenditures will be financed primarily by proceeds from the Global Offering, bank borrowings and cash flow generated from operating activities. If necessary, we may raise additional funds on terms that are acceptable to us. Furthermore, the table below sets forth the annual estimated capital expenditure for our completed projects, projects under development, projects planned for future development and potential development projects for the indicated periods:

	Year ending December 31,		
	2013	**2014**	**2015**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Completed Projects	61,291	25,909	–
Projects under Development	1,373,019	2,100,271	2,110,204
Projects Planned for Future Development	266,708	1,729,346	1,994,675
Potential Development Projects	–	447,602	177,278

Contractual Commitments

During the Track Record Period, our contractual commitments consisted primarily of commitments under operating leases and our capital commitments in relation to land acquisition and development costs.

Operating Lease Commitments

Lessor

We leased out a number of buildings under operating leases. The leases typically had an initial term of one to twelve years, with an option to renew based on renegotiated lease terms.

The following table sets forth our future minimum lease payment receivables under non-cancellable operating leases as of the end of the relevant reporting periods.

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,539	14,215	12,511	17,160
After 1 year but within 5 years	48,946	40,505	31,286	30,944
After 5 years	20,717	14,943	10,268	4,929
Total	**83,202**	**69,663**	**54,065**	**53,033**

Lessee

We also leased a number of buildings under operating leases. These leases typically had an initial term of one to five years, with an option to renew the leases based on renegotiated lease terms. None of these leases included contingent rentals.

The following table sets forth our future minimum lease payment payables under non-cancellable operating leases as of the end of the relevant reporting periods.

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	574	2,027	2,911	2,632
After 1 year but within 5 years	790	3,764	2,713	2,336
Total	**1,364**	**5,791**	**5,624**	**4,968**

Commitments related to Development Expenditure

As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had the outstanding balance of commitments related to property development expenditure as follows:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for	925,892	1,117,900	2,452,296	2,257,295

As of September 30, 2013, the outstanding balance of commitments related to development expenditures that were contracted but not provided for amounted to RMB2,257.3 million. Such development expenditures will be actually incurred mainly in accordance with the development progress of our projects. In respect of the commitments related to development expenditures as of September 30, 2013, the total capital expenditure incurred for the three months ended December 31, 2013 was estimated to be RMB385.1 million and the total capital expenditure to be incurred for the year ending December 31, 2014 is forecast to be RMB1,622.2 million. These commitments are primarily related to development of properties in the Optics Valley Software Park (Phase V), the Optics Valley Financial Harbour (Phase II), the Creative Capital, the Lido 2046, the Wuhan Innocenter and the Qingdao Optics Valley Software Park.

Certain commitments of RMB250.0 million in relation to the Hefei Financial Harbour are included as part of the commitments in our balance sheet information as of September 30, 2013 as we had not yet obtained the relevant land use right certificate at such reporting date. Our Directors consider that such commitments are due for settlement at the eighth year after the construction commencement date of the project. See the subsection headed "Business – Property Development – Business Park Development Process – Land Acquisition" for further discussion.

WORKING CAPITAL

Plan to Settle Commitments and Service Indebtedness

We believe we will be able to settle our commitments and repay our bank loans and other borrowings in relation to our development plan by using funds from a combination of sources including internally generated cash flows, primarily being cash generated through pre-sale and sale of our properties (including progress payments from customers of our customized developments and sales deposits from customers of our pre-sold properties), cash generated from our property leasing and other service businesses (including business operation services, construction contract and development management services), cash proceeds from bank loans and other borrowings, and proceeds from the Global Offering and issuance of corporate bonds.

We have in the past obtained and will in the future continue to obtain bank loans and other borrowings designated for development of the relevant projects, which enables us to use loan proceeds efficiently. We plan to continuously monitor our compliance with the terms of our bank loans and other borrowings and repay them when due by using our then available cash resources, including cash and cash equivalents on hand, additional cash flows to be generated from pre-sales and sales of properties in our projects, proceeds from additional loans that we may obtain from banks and other lenders or may draw down under our available credit facilities, and proceeds from additional offerings of corporate bonds and other capital market instruments.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our aggregate cash denominated in Renminbi amounted to approximately RMB911.3 million, RMB861.8 million, RMB947.9 million and RMB867.0 million, respectively. As of January 31, 2014, the Latest Indebtedness Date, we had utilized banking facilities and other borrowings in a total amount of RMB2,994.3 million and unutilized unrestricted banking facilities of RMB1,835.7 million and unutilized unrestricted other borrowings of RMB1,887.2 million. We have obtained approvals for issuance of corporate bonds to PRC institutional investors in relation to the unutilized unrestricted other borrowings. In addition, our Directors do not expect that the latest PRC austerity measures on the property market will have any material and adverse effect on our business operations and working capital sufficiency, as such measures mainly target at unreasonable purchases and speculation in the PRC residential property markets. See the subsection headed "Industry Overview – PRC Government's Austerity Measures on the Property Market" in this prospectus for further discussion.

Implementing Measures for Improving Working Capital Position

We have been implementing a series of measures to further improve our working capital position in accordance with our prudent financial policies. We centrally manage our working capital to ensure proper and efficient collection and deployment of our funds. Our Directors and senior management hold regular meetings to review the monthly operating budget plan and cash flow estimates in respect of each project and determine relevant amount of disbursed funds.

We carefully consider our cash position and ability to obtain further financing when arranging payment for land reserves and project development costs. We endeavor to have financing ready before we make significant capital commitments. When presented with suitable opportunities, we also intend to seek longer term financing opportunities including syndicated loans, issue of corporate bonds, and equity and equity-linked financings. We seek to improve our capital structure by replacing short-term financing with longer term corporate bonds. For example, we issued the corporate bond of RMB600 million in October 2013 for such purpose. See subsection headed "– Indebtedness, Contingent Liabilities and Net Current Assets – Indebtedness" in this section for further discussion.

In addition, we are working towards effectively managing our future cash flows and reducing our exposure to unexpected adverse changes in economic conditions through a number of alternative plans. We proactively execute our sales plan and generate sufficient operating cash flows through progress payments from customized developments and proceeds from pre-sale and sale of our properties. We further actively manage our liquidity position by adjusting the progress of our projects and the related capital expenditure budget based on various factors, including our liquidity requirements and capital resources available. Although an aggregate of RMB2,257.3 million of development expenditures has been committed as of September 30, 2013, such commitment relates to expenditures that are expected to incur in the coming one to two years. The commitment in respect of each project generally consists of estimated land cost (such as payment of land premiums) as required under PRC laws and estimated construction cost according to relevant agreements. Most of our business parks consist of multiple projects in different phases. We determine the phases of projects to be developed based on our budget plan and available funds and resources. We maintain a certain flexibility to adjust the project development progress and the timing of associated expenditure items. Once the construction of projects commences, we determine the commencement dates of new projects according to development phases and sales status of our active projects. We generally are unable to adjust the development process of properties that have been pre-sold. Moreover, we have implemented cost control measures in the development and operation process and realized more cost savings in relevant stages and processes. Furthermore, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by strengthening our marketing efforts, adopting a more flexible approach to pricing our property sales and further enhancing the payment collection from our customers with respect to the property sales and pre-sales. We also intend to better utilize payment terms under construction agreements provided by our general contractors through negotiation and establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plan. In addition, at our headquarters level, various departments will coordinate to control cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with external financing opportunities and property sales proceeds. To generate additional cash inflow where necessary, we will dispose of select investment properties at commercially desirable prices, and renegotiate payment terms with counterparties in certain contractual land acquisition arrangements. As a result of the foregoing and our net proceeds from the Global Offering, we expect that our liquidity position will further improve after the Global Offering.

Furthermore, we have implemented the following internal control measures to management our cash flow. Designated personnel at each of our functional centers and departments each month prepare the operating budget plan of the relevant department or center for the coming three months in accordance with our internal standards and requirements. Our operating budget plan mainly includes project sales receipt plan, project development cost plan, selling and distribution expense plan, administrative expense plan, finance cost and tax expense plan, and asset purchase plan. The financial department of each group company each month compiles the plans of departments and centers in that group company, prepares the operating budget plan of the group company for the coming three months and submits it to our finance center for review. The responsible manager at our finance center each month compiles the operating budget plans of our different departments, centers and group companies to prepare the operating budget plan of our Group for the coming three months and submits it to the chief executive officer's office for our senior management's review. Our operating budget plan is adjusted and then implemented after the review by our President, general managers and responsible managers of group companies, head of our finance center, and responsible managers of our department and centers. In addition, general managers of group companies and head of our finance center communicate with our senior management on a frequent basis to make ongoing adjustments to our operating budget plan, where necessary. Based on the final operating budget plan of our Group, our functional centers and departments each month prepare the expense reports accordingly and our finance center subsequently audits these reports.

During the Track Record Period and up to the Latest Practicable Date, we did not experience (i) any material decrease in the ASP or GFA of the properties contracted or delivered in our business park and residential projects, (ii) any undue difficulty in obtaining credit facilities or withdrawal of facilities from banks, (iii) any default in payment of bank loans or borrowings, breach of any covenants or cancellation of major customer orders, (iv) any request for early repayment of bank loans and other borrowings, or (v) any material default by customers.

Taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flow generated from our operations based on relevant contracts that we have entered into with customers, our Directors are of the view that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus. Based on the aforesaid, the Company is expected to be able to finance our Group's working capital, capital expenditure and other capital requirements through progress payments from customized developments and proceeds from pre-sale and sale of our properties, income generated from our operations, bank loans and other borrowings, and the proceeds from the Global Offering for at least the next 12 months from the date of this prospectus.

MARKET RISKS

We are, in the normal course of business, exposed to market risks, primarily credit, liquidity, interest rate and currency risks.

Liquidity Risk

We review our liquidity position on an ongoing basis, including expected cash flow, sale/pre-sale results of our respective property projects, maturity of loans and the progress of planned property development projects.

Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our bank loans and other borrowings, which had outstanding amounts of RMB293.6 million, RMB329.9 million, RMB549 million and RMB608 million, respectively, as of December 31, 2010, 2011 and 2012 and September 30, 2013. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates may increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. The benchmark one-year bank lending rate published by PBOC as of December 31, 2010, 2011 and 2012 and September 30, 2013 was 5.81%, 6.56%, 6.00% and 6.00%, respectively. We currently do not carry out any hedging activities to manage our interest rate risk.

Foreign Exchange Risk

Our functional currency is Renminbi and substantially all of our turnover, expenses, cash and deposits are denominated in Renminbi. Our exposures to currency exchange rates arise from certain of our cash and bank balances which are denominated in Hong Kong dollar. In the event of a depreciation of the Hong Kong dollar against Renminbi, the value of our cash and bank balances in Hong Kong dollar will decline. In addition, if we maintain any foreign currency-denominated assets or liabilities, including raising any foreign currency-denominated debts, fluctuations in Renminbi exchange rates will have an impact on the value of such assets and liabilities, thus affecting our financial condition and results of operations. We does not use derivative financial instruments to hedge its foreign currency risk. We review our foreign currency exposures regularly and consider no significant exposure on its foreign exchange risk.

Credit Risk

We are exposed to credit risks, primarily attributable to trade and other receivables. With respect to leasing income from our investment properties, we believe we hold sufficient deposits to cover our exposure to potential credit risk. An aging analysis of the receivables is performed on a regular basis, which we monitor closely to minimize any credit risk associated with these receivables. We have no concentration of credit risk in view of our large number of customers. We did not record significant bad debt losses during the Track Record Period.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE HONG KONG LISTING RULES

We confirm that, as of the Latest Practicable Date, save as disclosed in this prospectus, we were not aware of any circumstances which would give rise to a disclosure obligation pursuant to Rules 13.13 to 13.19 of the Hong Kong Listing Rules upon Listing.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, as valued by Savills Valuation as of December 31, 2013 were approximately RMB11,747.239 million. For further discussion of our property interests and the text of the letter and valuation certificates of these property interests prepared by Savills Valuation, see Appendix IV entitled "Property Valuation" to this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated statement of financial position as of September 30, 2013 as required under Rule 5.07 of Hong Kong Listing Rules is set forth below:

	RMB in millions
Net book value of the following properties as of September 30, 2013	
– Buildings included in property, plant and equipment	21.7
– Properties under development	2,624.5
– Completed properties held for sales	846.7
– Investment properties	299.2
	3,792.1
Net increase during the period from October 1, 2013 to December 31, 2013	528.5
Net book values of December 31, 2013	4,320.6
Net valuation surplus	8,775.5
Market value of properties as of December 31, 2013 as set out in the property valuation report in Appendix IV to this prospectus(1)	**13,187.8**

Note:

(1) Excluding the property market value of RMB416.2 million in respect of the Lido Mason (Phases I and II), which are wholly owned and developed by our joint venture, Wuhan Mason.

DIVIDEND POLICY

Subject to the Cayman Islands Companies Law and our Articles of Association, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law and our Articles of Association.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a Share in advance of calls may for this purpose be treated as paid up on the Share; and (ii) all dividends must be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

Our Directors may deduct from any dividend or other monies payable to any of our Shareholders or in respect of any Shares all sums of money (if any) presently payable by such Shareholder to us on account of calls or otherwise. In addition, the declaration of dividends is subject to the discretion of our Board, and the amounts of dividends actually declared and paid will also depend on the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which our Board may deem relevant.

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from IFRS. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders' approval.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, we declared the dividend of approximately RMB34.1 million, RMB37.6 million, RMB154.4 million and RMB50.5 million, respectively, which were paid in full to the shareholders. Considering our financial position, we currently intend, in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders approximately 30% of any net distributable profit of our Group for the financial year ended December December 31, 2013. Our Board plans to convene a meeting in mid-April 2014, for the purposes of, among other matters, considering the recommendation of the final dividend for the financial year ended December 31, 2013 which will be paid to our Shareholders of record on the relevant record date. We will duly issue a further announcement in this regard. We plan to regularly review our dividend policy and our Board will determine the amount of our dividends in future periods which will depend on, among other things, general market conditions, our results of operations in each subsequent year and our business development plan.

DISTRIBUTABLE RESERVES

As of September 30, 2013, we had distributable reserves of RMB464.6 million, which are available for distribution to our equity shareholders.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted data of our net tangible assets prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as of September 30, 2013 as if the Global Offering had taken place on September 30, 2013.

Because of its hypothetical nature, the unaudited pro forma adjusted net tangible assets data may not give a true picture of our financial position as of September 30, 2013 or any future date following the Global Offering. It was prepared based on our consolidated net assets attributable to the shareholders of the Company as of September 30, 2013, as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of September 30, 2013(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company(3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share(3)(4)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on the Offer Price of HK$1.09 for each Share	1,217,342	787,781	2,005,123	0.50	0.63
Based on the Offer Price of HK$0.83 for each Share	1,217,342	589,570	1,806,912	0.45	0.57

Notes:

(1) The consolidated net tangible assets attributable to the equity shareholders of our Company as of September 30, 2013 is extracted from the "Accountants' Report" as set out in Appendix I to this prospectus, which is based on the consolidated net assets of our Group attributable to equity shareholders of our Company as of September 30, 2013 of RMB1,221.80 million after deduction of intangible assets of RMB4.46 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$1.09 or HK$0.83, being the high or low end of the indicative offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by the Group and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate as set out on page 25 of this prospectus.

(3) The unaudited pro forma adjusted net tangible assets per Share are arrived at after the adjustments referred to above and on the basis that 4,000,000,000 Shares were in issue assuming that the Global Offering was completed on September 30, 2013 but take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share are converted to Hong Kong dollars at the exchange rate as set out on page 25 of this prospectus.

(4) As of December 31, 2013, our properties under development and completed properties held for sale were valued by Savills Valuation, an independent valuer. We do not incorporate the revaluation surplus, representing the excess of market value of these property interests over their book value, in our consolidated financial information because our properties under development and completed properties held for sale are stated at the lower of cost and net realizable value for accounting purpose. The above adjustments do not take into account such revaluation surplus.

No adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2013.

NO MATERIAL ADVERSE CHANGE

We confirm that there has not been any material adverse change in our financial or trading position since September 30, 2013, being the date to which our Group's latest audited financial statements were made up. We have prepared the unaudited preliminary financial information for the year ended December 31, 2013. The following tables set forth summaries of the key consolidated financial information of our Group for the years ended December 31, 2012 and 2013.

Key Income Statement Information

	Year ended December 31,	
	2013	**2012**
	RMB'000	*RMB'000*
	(unaudited)	
Turnover	***1,966,348***	***1,812,014***
Gross profit		
Property development	624,125	474,337
Other business segments	88,065	102,299
	712,190	***576,636***
Profit before taxation	***593,781***	***447,058***
Profit for the year	**338,554**	**277,701**

Key Balance Sheet Information

	As of December 31,	
	2013	**2012**
	RMB'000 *(unaudited)*	*RMB'000*
Non-current assets	724,787	585,455
Current assets	6,358,684	4,963,036
Current liabilities	3,665,116	3,376,670
Net current assets	2,693,568	1,586,366
Total assets less current liabilities	**3,418,355**	**2,171,821**
Total equity	1,665,116	1,388,367
Non-current liabilities	1,753,239	783,454
Total equity and non-current liabilities	**3,418,355**	**2,171,821**

See Appendix III entitled "Unaudited Preliminary Consolidated Financial Information of the Company for the Year Ended 31 December 2013" to this prospectus for further discussion.

FUTURE PLANS

Please see the subsection headed "Business – Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised) to be approximately HK$871.7 million (equivalent of approximately RMB688.7 million), assuming an Offer Price of HK$0.96 per Offer Share (or if the Over-allotment Option is exercised in full, approximately HK$1,010.5 million, assuming an Offer Price of HK$0.96 per Offer Share (being the mid-point of the indicative Offer Price range between HK$0.83 per Share to HK$1.09 per Offer Share)).

We plan to use our net proceeds of HK$871.7 million (equivalent of approximately RMB688.7 million) from the Global Offering, assuming a mid-Offer Price of HK$0.96 per Offer Share, as follows:

- approximately HK$455.9 million (representing approximately 52.3% of net cash proceeds) will be used for payment of the land premiums and preliminary construction costs in respect of our projects planned for future development, including:

  - approximately HK$322.5 million (representing approximately 37.0% of net cash proceeds) will be used for the preliminary construction costs for the following projects planned for future development, comprising:

    - approximately HK$67.1 million (representing approximately 7.7% of net cash proceeds) for the Qingdao Optics Valley Software Park (Phase I – 1.2);

    - approximately HK$133.4 million (representing approximately 15.3% of net cash proceeds) for the Qingdao Optics Valley Software Park (Phase I – 1.6 to 1.7);

    - approximately HK$33.1 million (representing approximately 3.8% of net cash proceeds) for the Qingdao Marine & Science Park (Phase I);

    - approximately HK$33.1 million (representing approximately 3.8% of net cash proceeds) for the Qingdao Innocenter;

    - approximately HK$55.8 million (representing approximately 6.4% of net cash proceeds) for the Ezhou OVU Science and Technology City (Phase I – 1.2 to 1.3); and

    - approximately HK$133.4 million (representing approximately 15.3% of net cash proceeds) will be used for land premiums in relation to the development of business park projects focusing on the creative industry;

- approximately HK$328.6 million (representing approximately 37.7% of net cash proceeds) will be used for the development of the Group's projects under development; and

- approximately HK$87.2 million (representing approximately 10.0% of net cash proceeds) will be used for working capital and other general corporate purposes.

To the extent that the Offer Price is higher or lower than the mid-point of the indicative Offer Price range as described above, our Directors will adjust the above planned use of proceeds on a pro rata basis. If the Offer Price is determined at the high-end of the indicative Offer Price range, the amount of net proceeds will increase by HK$125.4 million. If the Offer Price is determined at the low-end of the range, the amount of net proceeds will decrease by HK$125.5 million.

The additional net proceeds we will receive if the Over-allotment Option is exercised in full will be approximately HK$138.8 million, assuming an Offer Price of HK$0.96 per Offer Share, being the mid-point of the indicative offer price range. Our Directors intend to apply the additional net proceeds to finance new projects.

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

We plan to inject the proceeds from the Global Offering to our projects through capital increase in our PRC subsidiaries. We are required to obtain the relevant approvals from the relevant PRC authorities for such injection and we will apply for such approvals as soon as possible upon completion of the Global Offering. As advised by our PRC legal advisors, Jingtian & Gongcheng, there is no legal impediment for us to obtain the relevant approvals subject to our compliance with the procedural requirements under the relevant PRC laws and regulations. As confirmed by the Company, the approval process will typically take one to two months.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "Cornerstone Investment Agreement") with Sunshine Life Insurance Co., Ltd. ("Sunshine Life"), who has agreed to subscribe at the Offer Price for a total number of 280,000,000 Shares, representing (i) 7% of the total issued share capital of the Company immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised, and (ii) approximately 6.75% of the total issued share capital of the Company immediately following the completion of the Global Offering, assuming that the Over-allotment Option is exercised in full (the "Cornerstone Placing"). Details of the allocations to Sunshine Life will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or about March 27, 2014.

Sunshine Life is a company incorporated in the PRC in 2007 and is a nationwide life insurance company specialized in providing comprehensive life insurance products. Sunshine Life is a subsidiary of Sunshine Insurance Group Corporation Limited. Sunshine Insurance Group Corporation Limited is principally engaged in providing a wide range of insurance products and services through its major subsidiaries such as Sunshine Life, Sunshine Property & Casualty Insurance Co., Ltd. and Sunshine Asset Management Co., Ltd.

To our best knowledge, Sunshine Life is an Independent Third Party and is not a connected person of our Company. Sunshine Life will acquire the Offer Shares pursuant to, and as part of, the International Offering. Sunshine Life will not acquire any Offer Shares under the Global Offering, other than pursuant to the Cornerstone Investment Agreement. The Offer Shares to be acquired by Sunshine Life will rank *pari passu* in all respects with the fully paid Shares then in issue and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, Sunshine Life will not have any representation on the Board or become our substantial shareholder. No special rights have been granted to Sunshine Life as part of the Cornerstone Placing.

The subscription obligation of Sunshine Life is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into by, inter alia, our Company and the Joint Global Coordinators and having become unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the relevant parties) by no later than the time and date as specified therein or as subsequently waived or varied by agreement of the parties thereto;

(b) the Offer Price having been agreed by the Joint Global Coordinators (on behalf of the Underwriters) and our Company in connection with the Global Offering;

(c) that no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated under the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of the transactions contemplated under the Cornerstone Investment Agreement;

(d) that the respective representations, warranties, undertakings and acknowledgements of Sunshine Life and our Company in the relevant cornerstone investment agreements are accurate and true in all material respects and not misleading and that there is no material breach of the cornerstone investment agreement on the part of Sunshine Life; and

(e) the Listing Committee having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to the commencement of the dealings in the Shares on the Hong Kong Stock Exchange.

RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

Sunshine Life has agreed that, without the prior written consent of our Company and the Joint Global Coordinators, it will not, at any time during the period of six months following the Listing Date, directly or indirectly, dispose of (as defined in the Cornerstone Investment Agreement) any of the Shares subscribed for by it pursuant to the Cornerstone Investment Agreement.

HONG KONG UNDERWRITERS

Joint Global Coordinators
BNP Paribas Securities (Asia) Limited
China Merchants Securities (HK) Co., Limited

Joint Bookrunners
BNP Paribas Securities (Asia) Limited
China Merchants Securities (HK) Co., Limited
Haitong International Securities Company Limited
GF Securities (Hong Kong) Brokerage Limited
Changjiang Securities Brokerage (HK) Limited
CCB International Capital Limited
ABCI Capital Limited

Joint Lead Managers
BNP Paribas Securities (Asia) Limited
China Merchants Securities (HK) Co., Limited
Haitong International Securities Company Limited
GF Securities (Hong Kong) Brokerage Limited
Changjiang Securities Brokerage (HK) Limited
CCB International Capital Limited
ABCI Securities Company Limited

THE HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 100,000,000 Hong Kong Public Offer Shares for subscription under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Application Forms.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the existing issued Shares, the Shares to be issued pursuant to the Capitalization Issue and the Global Offering; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (on behalf of the Underwriters) and us agreeing on the Offer Price), the Hong Kong Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Public Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement becoming, and continuing to be, unconditional in accordance with its terms (other than any condition for the Hong Kong Underwriting Agreement to become unconditional) and not having been terminated in accordance with its terms or otherwise.

Grounds for termination of the Hong Kong Underwriting Agreement

The Joint Global Coordinators, at their sole and absolute discretion, may, for themselves and on behalf of the Hong Kong Underwriters, upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

(A) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice, the international offer documents (together, the "Offer Documents") and any amendments in the agreed form issued by our Company in connection with the Global Offering was or has become, untrue, incorrect or misleading in any material respect, or any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or

(iii) that any material breach of any of the obligations imposed upon any party (other than the Sole Sponsor, Joint Global Coordinators or any Hong Kong Underwriters) to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company, our Controlling Shareholders, our executive Directors or non-executive Directors (together, the "Warrantors") under the Hong Kong Underwriting Agreement; or

(v) any material adverse effect or development involving a prospective material adverse effect on the conditions, assets, liabilities, business affairs, prospects, profits, losses or the financial or trading position or performance or otherwise of our Company or any other member of our Group; or

(vi) that any warranties under the Hong Kong Underwriting Agreement is/or would be when repeated untrue, incorrect or misleading in any respect; or

(vii) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) that our Company withdraws any of the Offer Documents (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or

(ix) that any person (other than the Sole Sponsor, the Joint Global Coordinators, and any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(B) there develops, occurs, exists or comes into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, earthquake, nuclear leakage, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, Avian influenza (H5N1, H7N9 or H10N8), swine flu (H1N1) or such related or mutated forms or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in or represent any change or development involving prospective change, in local, regional, national, international, financial, economic, political, military, industrial, fiscal, currency, regulatory or market conditions (including without limitation conditions in any stock or bond markets, money and foreign exchange markets and inter-bank markets, any moratorium, suspension or restriction on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the London Stock Exchange or the Shanghai Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures in or affecting Hong Kong or anywhere in the world or any other material development relating to the Hong Kong dollar or Renminbi); or

(iii) any new law or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Singapore, the Cayman Islands, the British Virgin Islands or any other jurisdictions relevant to any member of our Group (together, the "Specific Jurisdictions"); or

(iv) any general moratorium on commercial banking activities in Hong Kong, New York, Japan, London, the European Union (or any member thereof) or the PRC declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions; or

(v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for or on any of the Specific Jurisdictions; or

(vi) (a) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Specific Jurisdictions, or (b) any change or development involving a prospective change in taxation in any Specific Jurisdiction adversely affecting an investment in the Shares; or

(vii) any change or development involving a prospective change relating to, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(viii) any litigation or claim being threatened or instigated against any member of our Group or any Warrantors or any contravention of the Predecessor Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, any law or any provision of the Hong Kong Listing Rules by any member of our Group or any Warrantor; or

(ix) a Director being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or chief executive officer or chief financial officer of our Company or any Director vacating his or her office; or

(xi) the commencement by any governmental, regulatory or political body or organisation of any public action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xii) a government or regulatory prohibition on our Company for whatever reason from allotting the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiii) non-compliance of this prospectus, the preliminary offering circular, the final offering circular (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any respect of the Global Offering with the Hong Kong Listing Rules or any other applicable laws; or

(xiv) the issue or requirement to issue by our Company of a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Hong Kong Listing Rules; or

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xvi) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xvii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group,

which in each case or in aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) is or will have or is likely to or could be expected to have a materially adverse effect; or

(b) has or will have or is likely to or could be expected to have a material adverse effect on the success of the Global Offering; or

(c) makes or will make or is likely to or could be expected to make it inadvisable, inexpedient or impracticable, for the Hong Kong Public Offering and/or the Global Offering to proceed or the delivery of the Offer Shares on the terms and in the manner contemplated by the Offer Documents to be made; or

(d) has or will have or is likely to or could be expected to have the effect of making any part of the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Price Determination Agreement (including underwriting), the Hong Kong Public Offering and/or the Global Offering incapable of performance or implementation envisaged.

Undertakings to the Hong Kong Stock Exchange under the Hong Kong Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Hong Kong Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except under the Global Offering for the circumstances provided under Rule 10.08 of the Hong Kong Listing Rules.

(B) Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, the Controlling Shareholders have undertaken to the Hong Kong Stock Exchange and to our Company that, they will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of their shareholdings is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

Pursuant to Note 3 to Rule 10.07(2) of the Hong Kong Listing Rules, the Controlling Shareholders have undertaken to the Hong Kong Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

(a) when they pledge or charge any Shares beneficially owned by them in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) for a bona fide commercial loan pursuant to Note 2 to Rule 10.07(2) of the Hong Kong Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Hong Kong Stock Exchange as soon as we have been informed of matters referred in above by the Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Hong Kong Listing Rules as soon as possible.

Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by us

We have undertaken to the Sole Sponsor, the Joint Global Coordinators, and the Hong Kong Underwriters that except pursuant to the Global Offering at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "First Six Months Period"), we will not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(i) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase, any of the Shares or other securities of our Company or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, the Shares or other securities of our Company or any derivatives with the Shares or such other securities as underlying securities; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in Clauses (i) or (ii) above,

whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above. We further agree that, in the event of an issue or disposal of any Shares or any interest therein during the period of six months immediately following the expiry of the First Six Months Period, we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

(B) Undertaking by the Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has jointly and severally undertaken to each of our Company, the Sole Sponsor, the Joint Global Coordinators, and the Hong Kong Underwriters that:

(i) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve months after the Listing Date, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Joint Global Coordinators and unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the requirements of the Hong Kong Listing Rules, (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "Relevant Securities"); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above; and

(ii) he/it shall, and shall procure that his/its associates and companies controlled by and nominees or trustees holding in trust for him/it shall, comply with all the restrictions and requirements under the Hong Kong Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it of any Shares.

Undertakings by other Shareholders

Each of (i) Hubei Science & Technology Investment and Technology Investment Hong Kong, (ii) Mr. Tse Shing Ming and Qianbao BVI, and (iii) Hengxin PTC has respectively undertaken to each of our Company, the Sole Sponsor, the Joint Global Coordinators and the Hong Kong Underwriters that:

(i) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve months after the Listing Date, they shall not, and shall procure that the relevant registered holder(s) and their associates and companies controlled by them and any nominee or trustee holding in trust for them shall not, without the prior written consent of the Joint Global Coordinators and unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the requirements of the Hong Kong Listing Rules, (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "Relevant Securities"); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above; and

(ii) they shall, and shall procure that their associates and companies controlled by and nominees or trustees holding in trust for them shall, comply with all the restrictions and requirements under the Hong Kong Listing Rules on the sale, transfer or disposal by them or by the registered holder controlled by them of any Shares.

THE INTERNATIONAL OFFERING

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally and not jointly, agree to subscribe for or purchase, or to procure subscribers to subscribe for or purchasers to purchase, their respective applicable proportions (set out in the International Underwriting Agreement) of the International Offer Shares being offered pursuant to the International Offering.

Under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until Sunday, April 20, 2014, being the 30th day after the date expected to be the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 150,000,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price per Share (plus brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of covering over-allocations, if any, in the International Offering. An announcement will be made in the event that the Over-allotment Option is exercised.

It is expected that the International Underwriting Agreement will be conditional on and subject to, among other things, the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

TOTAL COMMISSIONS AND EXPENSES

The Underwriters will receive an underwriting commission of 2.75% of the aggregate Offer Price of all the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option, if any). For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the International Underwriters in accordance with the International Underwriting Agreement. In addition, our Company may, at our sole discretion, pay to the Underwriters an incentive fee at the rate of 0.75% of the aggregate Offer Price of all the Offer Shares.

The aggregate underwriting commission and fees, together with listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Global Offering payable by us are estimated to amount to approximately HK$88.3 million, assuming an Offer Price of HK$0.96 per Share, being the mid-point of the proposed Offer Price range of HK$0.83 to HK$1.09, and the Over-allotment Option is not exercised.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Hong Kong Listing Rules.

OFFER PRICE AND PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$1.09 and is expected to be not less than HK$0.83 per Offer Share. Based on the maximum Offer Price of HK$1.09 per Offer Share, plus 1.0% brokerage fee, 0.003% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee, one board lot of 4,000 Shares will amount to a total of HK$4,403.95. The Offer Price is expected to be determined by our Company and the Joint Global Coordinators (on behalf of the Underwriters) around Saturday, March 22, 2014. The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and/or other investors during a book-building process, and with our Company's consent, reduce the indicative Offer Price range and/or the number of Offer Shares below that stated in this prospectus prior to the morning of the last day of lodging applications under the Hong Kong Public Offering. In such a case, our Company will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the indicative Offer Price range and/or number of Offer Shares.

Upon issue of such a notice, the revised Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by our Company, will be fixed within such revised Offer Price range. In this notice, our Company will also confirm or revise, as appropriate, the issue statistics as currently set out in "Summary", and any other financial information which may change as a result of such reduction. If our Company does not publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the indicative Offer Price range stated in this prospectus on or before the morning of the last day of lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by our Company, will be within the Offer Price range as stated in this prospectus.

If the Joint Global Coordinators (on behalf of the Underwriters) and our Company are unable to reach agreement on the Offer Price on or before Wednesday, March 26, 2014 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will lapse.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Public Offering will be conditional upon:

(i) the Listing Committee of the Hong Kong Stock Exchange granting a listing of and permission to deal in the Shares;

(ii) the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(iii) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Joint Global Coordinators (on behalf of the Underwriters)) and not being terminated in accordance with the terms of those agreements or otherwise,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 8:00 a.m. on the Listing Date.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled, all application monies will be returned, without interest, on the terms set out in "How to apply for Hong Kong Public Offer Shares" in this prospectus. In the meantime, such monies will be held in a separate bank account with the receiving bankers or other licensed bank(s) in Hong Kong.

BASIS OF ALLOCATION OF SHARES

Global Offering

The Global Offering consists of the Hong Kong Public Offering and the International Offering. The 1,000,000,000 Shares initially offered will comprise 900,000,000 Shares (subject to adjustment as described below) being offered under the International Offering and 100,000,000 Shares (subject to adjustment as described below) being offered under the Hong Kong Public Offering. Without taking into account of the Over-allotment Option, the 1,000,000,000 Shares being offered by our Company under the Global Offering will represent 25% of our Company's enlarged share capital immediately after completion of the Global Offering.

Subject to possible reallocation on the basis set forth below, 100,000,000 Shares, representing 10% of the total number of Shares initially being offered under the Global Offering, will be offered to the public in Hong Kong under the Hong Kong Public Offering. The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong.

Out of the total 1,000,000,000 Shares offered pursuant to the Global Offering, 900,000,000 Shares (subject to possible reallocation set forth below), representing 90% of the total number of Shares initially being offered under the Global Offering, will be placed with professional, institutional and/or other investors in Hong Kong, and certain other jurisdictions, under the International Offering. The International Offer Shares will be offered in Hong Kong, and certain other jurisdictions outside the United States in offshore transactions, as defined in, and in reliance on, Regulation S.

In connection with the Global Offering, under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters the Over-allotment Option which is exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) within 30 days from the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue up to an aggregate of 150,000,000 Shares at the Offer Price (in aggregate representing 15% of the number of Shares initially being offered under the Global Offering) to, among other things, cover over-allocations in the International Offering on the same terms and conditions as the other Offer Shares. The Stabilizing Manager or any person acting for it may also cover over allocations in the International Offering by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and the exercise, in part or in full, of the Over-allotment Option or borrowing Shares from Shareholders of our Company under stock borrowing arrangements. The number of Shares that may be overallocated will not exceed the maximum number of Shares that may be issued by our Company pursuant to the Over-allotment Option. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations.

If the Joint Global Coordinators decide to exercise the Over-allotment Option, it will be exercised to cover, among other things, over-allocations in the International Offering. The International Offer Shares (including any over-allocations) will be allocated prior to the commencement of trading of the Shares on the Hong Kong Stock Exchange.

The indication of level of interest in the International Offering and the basis of allotment and the results of application under the Hong Kong Public Offering are expected to be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese), and to be posted on the website of the Hong Kong Stock Exchange and on the website of our Company (**www.ovuni.com**), on or before Thursday, March 27, 2014.

Hong Kong Public Offering

Our Company is initially offering 100,000,000 Hong Kong Public Offer Shares for subscription, representing 10% of the total number of Shares initially being offered in the Global Offering, by way of a Hong Kong Public Offering in Hong Kong. The Hong Kong Public Offer Shares are being offered at the Offer Price. The Hong Kong Public Offering is fully underwritten at the Offer Price by the Hong Kong Underwriters, subject to the terms and conditions of the Hong Kong Underwriting Agreement and the agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date.

The total number of Shares available for subscription under the Hong Kong Public Offering (after taking into account any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Shares in pool A will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate subscription price of HK$5 million or less (excluding the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Shares in pool B will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) and up to the value of pool B. For the purpose of this paragraph only, "subscription price" for the Hong Kong Public Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Shares in one (but not both) of the pools are undersubscribed, the surplus Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

Applicants can only receive an allocation of Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than the total number of Shares originally allocated to each pool (i.e., 50,000,000 Shares) are liable to be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The allocation of the Shares between the International Offering and the Hong Kong Public Offering is subject to adjustment. If the number of Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Shares available for subscription under the Hong Kong Public Offering will increase to 300,000,000 Shares, representing 30% of the Shares initially available for subscription under the Global Offering. If the number of Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Shares available for subscription under the Hong Kong Public Offering will be 400,000,000 Shares, representing 40% of the Shares initially available for subscription under the Global Offering. If the number of Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Shares initially available for subscription under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Shares available for subscription under the Hong Kong Public Offering will increase to 500,000,000 Shares, representing 50% of the

Shares initially available for subscription under the Global Offering. In each such case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of Shares allocated to the International Offering will be correspondingly reduced.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may in their discretion reallocate Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators in their discretion may reallocate all or any unsubscribed Shares originally included in the Hong Kong Public Offering to the International Offering. Applicants can only receive an allocation of Shares offered in the Hong Kong Public Offering or the International Offering.

The Hong Kong Public Offering is underwritten at the Offer Price by the Hong Kong Underwriters, on and subject to the terms and conditions of the Hong Kong Underwriting Agreement.

Allocation of Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants but, subject to that, will be made strictly on a pro-rata basis, although this could, where appropriate, consist of balloting. Balloting would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

International Offering

The number of Offer Shares to be initially offered for subscription or sale under the International Offering will be 900,000,000 Offer Shares (subject to reallocation and the Over-allotment Option), representing approximately 90% of the total number of the Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering being unconditional.

The International Underwriters are soliciting from prospective professional, institutional and/or other investors indications of interest in acquiring International Offer Shares in the International Offering. Prospective professional, institutional and/or other investors will be required to specify the number of International Offer Shares they would be prepared to acquire either at different prices or at a particular price. This process is known as "book building".

Allocation of the International Offer Shares pursuant to the International Offering is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further and/or hold or sell its Shares after the Listing. This allocation is generally intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a broad shareholder base to the benefit of our Company and its Shareholders as a whole.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may reallocate all or any unsubscribed Shares originally included in the Hong Kong Public Offering to the International Offering. The International Underwriters or selling agents nominated by the International Underwriters will, on behalf of our Company, conditionally place the International Offer Shares to investors outside of the United States in offshore transactions, as defined in, and reliance on, Regulation S. The placing of the International Offer Shares shall be subject to the offering restrictions set out under the section "Information about this Prospectus and Global Offering" in this prospectus and in the offering circular.

The International Offering is conditional on the same conditions as set out in "Conditions of the Hong Kong Public Offering" above. The total number of International Offer Shares to be allotted and issued and/or offered pursuant to the International Offering may change as a result of the clawback arrangement referred to in "Basis of Allocation of Shares – Hong Kong Public Offering" above, the exercise of the Over-allotment Option and any reallocation of unsubscribed Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT AND STABILIZATION

Over-allotment Option

In connection with the Global Offering, our Company intends to grant to the International Underwriters the Over-allotment Option, which will be exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) no later than 30 days from Friday, March 21, 2014, being the last date for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue and allot at the Offer Price up to an aggregate of 150,000,000 additional Shares, representing 15% of the total number of Shares initially available under the Global Offering, in connection with over-allocations in the International Offering, if any, to be issued on the same terms and conditions as the other Offer Shares. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our Company's enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

Stabilization action

In connection with the Global Offering, BNP Paribas, or any person acting for it, may overallocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period. Such transactions, if commenced, may be discontinued at any time. BNP Paribas has been or will be appointed as stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO and, should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of BNP Paribas and will be effected in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. An announcement will be made to the public within seven days after the end of the stabilizing period as required under the Securities and Futures (Price Stabilizing) Rules made under the SFO.

Following any over-allocation of Shares in connection with the Global Offering, BNP Paribas or any person acting for it may cover such over-allocation by (among other methods) making purchases in the secondary market or exercising the Over-allotment Option in full or in part, or by any combination of purchases and exercise of the Over-allotment Option. Any such purchases will be made in compliance with all applicable laws and regulatory requirements including the Securities and Futures (Price Stabilizing) Rules made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be issued upon exercise of the Over-allotment Option, being 150,000,000 Shares representing 15% of the Shares initially available under the Global Offering.

In order to facilitate the settlement of over-allocations in connection with the Global Offering, BNP Paribas (or its affiliate(s)) may choose to borrow Shares from AAA Finance under stock borrowing arrangements, or acquire Shares from other sources, including exercise of the Over-allotment Option.

If such stock borrowing arrangements with AAA Finance are entered into, they will only be effected by the Stabilizing Manager or its agent for settlement of over-allocation in the International Offering and such arrangements are not subject to the restrictions of Rule 10.07(1)(a) of the Hong Kong Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Hong Kong Listing Rules are fully complied with. The same number of Shares so borrowed must be returned to AAA Finance or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full. The stock borrowing arrangements will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to AAA Finance by the Stabilizing Manager or its agent in relation to such stock.

The possible stabilizing action which may be taken by BNP Paribas in connection with the Global Offering may involve (among other things): (i) over-allocation of Shares, (ii) purchases of, or agreement to purchase, Shares, (iii) establishing, hedging and liquidating positions in Shares, (iv) exercising the Over-allotment Option in whole or in part and/or (v) offering or attempting to do any of the foregoing.

Specifically, prospective applicants for and investors in Offer Shares should note that:

- BNP Paribas may, in connection with any stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which BNP Paribas will maintain such a position;
- liquidation of any such long position by BNP Paribas may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which is expected to expire on Sunday, April 20, 2014, being the 30th day after the date expected to be the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above its offer price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Listing on any other stock exchange

The Directors are not considering any listing of our Company on any other overseas stock exchange. Our Company has not submitted any application nor obtained any approval for the listing of the Shares on any other overseas stock exchange.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, March 28, 2014, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, March 28, 2014. The Shares will be traded in board lots of 4,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Hong Kong Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- an associate (as defined in the Hong Kong Listing Rules) of any of the above;
- a connected person (as defined in the Hong Kong Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **White Form eIPO** service.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, March 18, 2014 until 12:00 noon on Friday, March 21, 2014 from:

(i) the following office of the Joint Bookrunners:

BNP Paribas Securities (Asia) Limited
62/F, Two International Finance Center
8 Finance Street, Central
Hong Kong

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

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

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

Changjiang Securities Brokerage (HK) Limited
Suite 1908, 19/F, Cosco Tower
183 Queen's Road Central
Central
Hong Kong

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

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

(ii) any of the branches of the following receiving banks:

(a) Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Quarry Bay Branch	G/F, Westlands Gardens 1027 King's Road, Quarry Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building No. 63 Hoi Yuen Road Kwun Tong
	Mongkok Branch	Shop B, G/F, 1/F & 2/F 617-623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 8A-10 Granville Road, Tsimshatsui
New Territories	New Town Plaza Branch	Shop 215, 222 & 223, Phase 1 New Town Plaza, Shatin

(b) Bank of Communications Co., Ltd. Hong Kong Branch

	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	North Point Sub-Branch	442-444 King's Road, North Point
Kowloon	Jordan Road Sub-Branch	1/F., Booman Building 37U Jordan Road
New Territories	Sheung Shui Sub-Branch	Shops 1010-1014, G/F. Sheung Shui Centre Shopping Arcade Sheung Shui
	Tiu Keng Leng Sub-branch	Unit L2-064 & 065 Metro Town Shopping Mall 8 King Ling Road, Tiu Keng Leng

(c) Wing Lung Bank Limited

	Branch Name	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central
	Johnston Road Branch	118 Johnston Road
Kowloon	Lam Tin Sceneway Plaza Branch	Shop 59, 3/F Sceneway Plaza 8 Sceneway Road, Lam Tin
New Territories	Tsuen Wan Branch	251 Sha Tsui Road
	Yuen Long Branch	37 On Ning Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, March 18, 2014 until 12:00 noon on Friday, March 21, 2014 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "Horsford Nominees Limited – Optics Valley Union Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Tuesday, March 18, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, March 19, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, March 20, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, March 21, 2014	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from **11:45 a.m.** to **12:00 noon** on **Friday, March 21, 2014**, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Predecessor Companies Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or our agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund check(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** Service by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the subsection headed "2. Who Can Apply" in this section, may apply through the **www.eipo.com.hk** for the Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** Service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, March 18, 2014 until 11:30 a.m. on Friday, March 21, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, March 21, 2014 or such later time under the subsection headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of the **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Optics Valley Union Holding Company Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Shares under the International Offering;

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with our Company, for ourselves and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Predecessor Companies Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of number of 4,000 Hong Kong Public Offer Shares. Instructions for more than 4,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, March 18, 2014 – 9:00 a.m. to 8:30 p.m.[(1)]
Wednesday, March 19, 2014 – 8:00 a.m. to 8:30 p.m.[(1)]
Thursday, March 20, 2014 – 8:00 a.m. to 8:30 p.m.[(1)]
Friday, March 21, 2014 – 8:00 a.m.[(1)] to 12:00 noon

Note: (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, March 18, 2014 until 12:00 noon on Friday, March 21, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, March 21, 2014, the last application day or such later time as described in the subsection headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, March 21, 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Hong Kong Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for the Hong Kong Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 4,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the subsection headed "Structure of the Global Offering – Offer Price and Price Payable on Application" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 21, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, March 21, 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Thursday, March 27, 2014 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on our Company's website at **www.ovuni.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.ovuni.com** and the Hong Kong Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, March 27, 2014;
- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, March 27, 2014 to 12:00 midnight on Wednesday, April 2, 2014;
- by telephone enquiry line by calling +852 28628669 between 9:00 a.m. and 10:00 p.m. from Thursday, March 27, 2014 to Sunday, March 30, 2014;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, March 27, 2014 to Saturday, March 29, 2014 at all the receiving banks' designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through **White Form eIPO** Service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.09 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, March 27, 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund check(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund check and share certificates are expected to be posted on or around Thursday, March 27, 2014. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, March 28, 2014 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, March 27, 2014, or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, March 27, 2014, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on Thursday, March 27, 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, March 27, 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

  For Hong Kong Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, March 27, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, March 27, 2014, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund check.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, March 27, 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, March 27, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, March 27, 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, March 27, 2014 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, March 27, 2014. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, March 27, 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

18 March 2014

The Directors
Optics Valley Union Holding Company Limited

BNP Paribas Securities (Asia) Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to Optics Valley Union Holding Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group, for each of the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 (the "Relevant Period"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 18 March 2014 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation completed on 16 September 2013 (the "Reorganisation") as detailed in the section headed "Our History, Reorganization and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in Note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company and AAA Holdings Limited ("BVI 3A"), as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

All companies now comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in Note 41 of Section B. The statutory financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period (the "Underlying Financial Statements") on the same basis as used in the preparation of the Financial Information set out in Section B below. The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

Directors' responsibilities for the Financial Information

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Hong Kong Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibilities

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 September 2013.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report, on the basis of preparation set out in Note 1(b) of Section B below, a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 and the Group's consolidated results and cash flows for the Relevant Period then ended.

Corresponding Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A CONSOLIDATED FINANCIAL INFORMATION

1 Consolidated income statements

	Section B Note	**Years ended 31 December** **2010** *RMB'000*	**2011** *RMB'000*	**2012** *RMB'000*	**Nine months ended 30 September** **2012** *RMB'000* (unaudited)	**2013** *RMB'000*
Continuing operations						
Turnover	*6*	788,798	1,405,169	1,812,014	706,071	1,135,066
Cost of sales		(503,539)	(1,029,666)	(1,235,378)	(489,838)	(789,816)
Gross profit		285,259	375,503	576,636	216,233	345,250
Other income	*7*	621	1,449	7,450	2,044	4,588
Selling and distribution expenses		(15,460)	(20,745)	(39,154)	(26,225)	(33,246)
Administrative expenses		(48,137)	(85,103)	(118,287)	(84,187)	(90,014)
Other expenses	*7*	(2,397)	(710)	(482)	(278)	(334)
Results from operating activities before changes in fair value of investment properties		219,886	270,394	426,163	107,587	226,244
Increase in fair value of investment properties	*15*	6,800	22,419	8,167	5,900	6,100
Results from operating activities after changes in fair value of investment properties		226,686	292,813	434,330	113,487	232,344
Finance income		8,672	12,460	19,359	15,675	7,009
Finance costs		(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Net finance income/(costs)	*8(a)*	7,180	3,418	17,767	14,432	(5,161)
Share of profits/(losses) of associates	*18*	34,623	(4,468)	(386)	(351)	(323)
Share of (losses)/profits of joint ventures	*19*	(242)	(247)	(4,653)	(4,080)	36,731
Net gain on disposal of an associate	*5(b)*	–	68,847	–	–	–
Profit before taxation		268,247	360,363	447,058	123,488	263,591
Income tax	*9*	(90,397)	(136,992)	(169,357)	(53,634)	(127,455)
Profit from continuing operations		177,850	223,371	277,701	69,854	136,136
Discontinued operation						
Profit from discontinued operation, net of tax	*3*	5,381	35,846	–	–	–
Profit for the year/period		183,231	259,217	277,701	69,854	136,136
Attributable to:						
Equity shareholders of the Company		116,662	147,146	211,276	51,564	119,044
Non-controlling interests		66,569	112,071	66,425	18,290	17,092
Profit for the year/period		183,231	259,217	277,701	69,854	136,136
Basic earnings per share (RMB) *(Note)*	*12*	1,835	2,314	2,515	614	1,332

Note: The earnings per share as presented above has not taken into account the proposed capitalisation issue pursuant to the shareholders' resolution dated 12 March 2014 (section C) because the proposed capitalisation has not become effective as at the date of this report.

The accompanying notes form part of the Consolidated Financial Information.

2 Consolidated statements of comprehensive income

	Section B Note	Years ended 31 December 2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	Nine months ended 30 September 2012 *RMB'000* (unaudited)	2013 *RMB'000*
Profit for the year/period		183,231	259,217	277,701	69,854	136,136
Other comprehensive income for the year/period						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	*13*	408	571	(303)	(885)	414
Share of the movement of a joint venture's reserve	*13*	–	–	1,994	1,994	–
Total comprehensive income for the year/period		183,639	259,788	279,392	70,963	136,550
Attributable to:						
Equity shareholders of the Company		117,070	147,717	212,557	52,263	119,458
Non-controlling interests		66,569	112,071	66,835	18,700	17,092
Total comprehensive income for the year/period		183,639	259,788	279,392	70,963	136,550

The accompanying notes form part of the Consolidated Financial Information.

3 Consolidated statements of financial position

	Section B Note	At 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	At 30 September 2013 RMB'000
Non-current assets					
Property, plant and equipment	*14*	55,477	66,247	99,477	104,107
Investment properties	*15*	247,200	291,200	299,800	299,190
Intangible assets	*16*	2,185	447	4,246	4,458
Lease prepayment	*17*	12,464	–	–	–
Interest in associates	*18*	60,412	1,741	1,585	1,261
Interest in joint ventures	*19*	139,173	167,011	119,351	156,083
Other investments	*20*	10,000	13,000	10,000	10,000
Deferred tax assets	*31(b)*	19,760	26,089	50,996	61,227
Other non-current assets	*21*	35,387	45,924	–	–
		582,058	611,659	585,455	636,326
Current assets					
Other investments	*20*	19,624	20,976	58,316	24,263
Properties under development	*23*	874,342	1,704,902	1,729,850	2,624,523
Completed properties held for sale	*24*	327,260	309,002	941,206	846,727
Inventories and contracting work-in-progress	*25*	46,469	69,127	130,479	160,922
Trade and other receivables	*26*	116,889	362,907	1,101,531	1,088,755
Current tax assets	*31(a)*	21,381	66,268	49,467	78,659
Restricted cash	*27*	2,180	222,180	4,288	15,491
Cash and cash equivalents	*28*	911,322	861,762	947,899	867,011
Assets held for sale	*22*	–	–	–	18,550
		2,319,467	3,617,124	4,963,036	5,724,901
Current liabilities					
Trade and other payables	*29*	1,515,531	2,295,018	2,805,324	2,665,905
Loans and borrowings	*30*	77,000	212,000	476,165	1,029,000
Current tax liabilities	*31(a)*	103,809	112,885	95,181	89,549
		1,696,340	2,619,903	3,376,670	3,784,454
Net current assets		623,127	997,221	1,586,366	1,940,447
Total assets less current liabilities		1,205,185	1,608,880	2,171,821	2,576,773
Non-current liabilities					
Loans and borrowings	*30*	291,992	406,111	733,000	1,089,330
Deferred tax liabilities	*31(b)*	39,956	50,996	50,454	51,545
		331,948	457,107	783,454	1,140,875
Net assets		873,237	1,151,773	1,388,367	1,435,898
Equity					
Share capital	*32*	22,564	22,464	4,852	8
Reserves	*33*	483,963	614,045	866,926	1,221,792
Total equity attributable to equity shareholders of the Company		506,527	636,509	871,778	1,221,800
Non-controlling interests		366,710	515,264	516,589	214,098
Total equity		873,237	1,151,773	1,388,367	1,435,898

The accompanying notes form part of the Consolidated Financial Information.

4 Consolidated statements of changes in equity

		Attributable to equity shareholders of the Company							
	Section B Note	Paid-in/ registered share capital *RMB'000* *Note 32*	Other reserves *RMB'000* *Note 33(c)*	Exchange reserve *RMB'000* *Note 33(b)*	Statutory reserve *RMB'000* *Note 33(a)*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000* *Note 33(d)*	Total equity *RMB'000*
At 1 January 2010		22,564	206,906	592	49,909	148,683	428,654	435,806	864,460
Changes in equity for 2010:									
Profit for the year		–	–	–	–	116,662	116,662	66,569	183,231
Other comprehensive income		–	–	408	–	–	408	–	408
Total comprehensive income for the year		–	–	408	–	116,662	117,070	66,569	183,639
Appropriation to statutory reserves	*33(a)*	–	–	–	24,464	(24,464)	–	–	–
Dividend declared during the year	*33(f)*	–	–	–	–	(5,085)	(5,085)	(29,022)	(34,107)
Contribution from non-controlling equity holders	*33(d)(i)*	–	8,497	–	–	–	8,497	43,184	51,681
Deregistration of a subsidiary	*33(d)(i)*	–	–	–	–	–	–	(150)	(150)
Acquisition of equity interests from non-controlling equity holders	*33(d)(i)*	–	(42,609)	–	–	–	(42,609)	(149,677)	(192,286)
At 31 December 2010		22,564	172,794	1,000	74,373	235,796	506,527	366,710	873,237
At 1 January 2011		22,564	172,794	1,000	74,373	235,796	506,527	366,710	873,237
Changes in equity for 2011:									
Profit for the year		–	–	–	–	147,146	147,146	112,071	259,217
Other comprehensive income		–	–	571	–	–	571	–	571
Total comprehensive income for the year		–	–	571	–	147,146	147,717	112,071	259,788
Appropriation to statutory reserves	*33(a)*	–	–	–	42,469	(42,469)	–	–	–
Dividend declared during the year	*33(f)*	–	–	–	–	(5,084)	(5,084)	(32,473)	(37,557)
Contribution from non-controlling equity holders	*33(d)(ii)*	–	–	–	–	–	–	4,800	4,800
Acquisition of equity interests from non-controlling equity holders	*33(d)(ii)*	–	(12,234)	–	–	–	(12,234)	(22,417)	(34,651)
Acquisition of subsidiaries	*5(b)*	–	–	–	–	–	–	98,959	98,959
Disposal of a subsidiary	*33(d)(ii) & 3*	–	–	–	–	–	–	(12,803)	(12,803)
Disposal of partial interest in a subsidiary	*33(d)(ii)*	(100)	(317)	–	–	–	(417)	417	–
At 31 December 2011		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
At 1 January 2012		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
Changes in equity for 2012:									
Profit for the year		–	–	–	–	211,276	211,276	66,425	277,701
Other comprehensive income		–	1,584	(303)	–	–	1,281	410	1,691
Total comprehensive income for the year		–	1,584	(303)	–	211,276	212,557	66,835	279,392
Appropriation to statutory reserves	*33(a)*	–	–	–	65,566	(65,566)	–	–	–
Dividend declared during the year	*33(f)*	–	–	–	–	(85,042)	(85,042)	(69,402)	(154,444)
Contribution from non-controlling equity holders	*33(d)(iii)*	–	–	–	–	–	–	33,200	33,200
Acquisition of equity interests from non-controlling equity holders	*33(d)(iii)*	–	139,898	–	–	–	139,898	(190,839)	(50,941)
Acquisition of subsidiaries	*5(c) & (d) & (e)*	–	–	–	–	–	–	161,531	161,531
Deemed distribution to shareholders	*32*	(17,612)	(14,532)	–	–	–	(32,144)	–	(32,144)
At 31 December 2012		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367

	Section B Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Paid-in/ registered share capital	Other reserves	Exchange reserve	Statutory reserve	Retained profits	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 32	Note 33(c)	Note 33(b)	Note 33(a)			Note 33(d)	
At 1 January 2013		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367
Changes in equity for nine months ended 30 September 2013:									
Profit for the period		–	–	–	–	119,044	119,044	17,092	136,136
Other comprehensive income		–	–	414	–	–	414	–	414
Total comprehensive income for the period		–	–	414	–	119,044	119,458	17,092	136,550
Dividend declared during the period		–	–	–	–	(50,479)	(50,479)	–	(50,479)
Acquisition of equity interests from non-controlling equity holders	33(d)(iv)	–	280,049	–	–	–	280,049	(323,583)	(43,534)
Contribution from non-controlling equity holders	33(d)(iv)	–	–	–	–	–	–	4,000	4,000
Arising from Reorganisation	32	(4,844)	5,838	–	–	–	994	–	994
At 30 September 2013		8	573,080	1,682	182,408	464,622	1,221,800	214,098	1,435,898
Unaudited									
At 1 January 2012		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
Changes in equity for nine months ended 30 September 2012:									
Profit for the period		–	–	–	–	51,564	51,564	18,290	69,854
Other comprehensive income		–	1,584	(885)	–	–	699	410	1,109
Total comprehensive income for the period		–	1,584	(885)	–	51,564	52,263	18,700	70,963
Dividend declared during the period	33(f)	–	–	–	–	(85,042)	(85,042)	(69,402)	(154,444)
Contribution from non-controlling equity holders	33(d)(iii)	–	–	–	–	–	–	33,200	33,200
Acquisition of equity interests from non-controlling equity holders	33(d)(iii)	–	139,898	–	–	–	139,898	(190,839)	(50,941)
Acquisition of subsidiaries	5(c) & (d) & (e)	–	–	–	–	–	–	161,531	161,531
Deemed distribution to shareholders	32	(17,612)	(14,532)	–	–	–	(32,144)	–	(32,144)
At 30 September 2012		4,852	287,193	686	116,842	301,911	711,484	468,454	1,179,938

The accompanying notes form part of the Consolidated Financial Information.

5 Consolidated statements of cash flows

	Section B Note	Years ended 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	Nine months ended 30 September 2012 RMB'000 (unaudited)	2013 RMB'000
Operating activities						
Cash generated from operations	*28(b)*	625,088	128,615	(147,647)	74,346	(544,029)
Income tax paid		(83,628)	(214,986)	(161,497)	(139,371)	(171,420)
Net cash generated from/(used in) operating activities		541,460	(86,371)	(309,144)	(65,025)	(715,449)
Investing activities						
Interest received		1,983	10,274	15,533	12,891	5,711
Investment income received		6,729	2,219	3,602	2,784	1,298
Proceeds from disposal of property, plant and equipment		37	264	175	186	126
Proceeds from disposal of intangible assets		–	–	20	20	–
Proceeds from disposal of non-current assets		–	–	48,723	48,552	–
Proceeds from disposal of discontinued operation	*3*	–	93,096	–	–	–
Proceeds from sales of other investments		–	–	15,000	7,142	33,257
Dividends received from investment of associates		–	24,500	–	–	–
Acquisition of subsidiaries, net of cash acquired		–	167,436	91,928	91,928	–
Payment for purchase of interest in an associate		–	–	(230)	(230)	–
Proceeds from a joint venture		–	–	45,000	45,000	–
Increase in interest in a joint venture		(124,500)	–	–	–	–
Acquisition of investment properties		–	–	(433)	–	–
Acquisition of property, plant and equipment		(6,115)	(30,968)	(44,805)	(19,548)	(21,104)
Acquisition of other non-current assets		(11,749)	(31,936)	–	–	–
Acquisition of intangible assets		(7)	(507)	(4,314)	(4,146)	(1,190)
Acquisition of other investments		(19,649)	(12,057)	(50,000)	–	–
Advance to a joint venture		(15,000)	(30,000)	–	–	–
Net cash (used in)/generated from investing activities		(168,271)	192,321	120,199	184,579	18,098
Financing activities						
Capital contribution from equity holders		51,681	4,800	33,200	33,200	4,000
Proceeds from loans and borrowings		310,000	490,000	1,198,000	530,000	1,381,330
Proceeds from loan from non-controlling equity holders		174,550	142,787	236,902	236,902	63,661
Repayment of bank and other loans		(112,829)	(215,881)	(606,946)	142,457	(472,165)
Repayment of loans from non-controlling equity holders		(27,000)	(214,587)	(527,062)	(527,062)	(141,772)
Decrease/(increase) in restricted cash		12,820	(220,000)	217,892	218,894	(11,201)
Interest and other borrowing costs paid		(45,130)	(74,101)	(127,020)	(124,063)	(114,362)
Dividend paid		(34,107)	(33,807)	(85,114)	(59,237)	(50,479)
Acquisition of equity interest from non-controlling equity holders in connection with Reorganisation		(192,286)	(34,651)	(32,626)	(32,627)	(258,534)
Capital injection from non-controlling equity holders in connection with Reorganisation		–	–	–	–	215,994
Deemed distribution to the then equity holders		–	–	(32,144)	(32,144)	–
Payment to the non-controlling equity holder of Jie Chen Catering upon liquidation		(150)	–	–	–	–
Net cash generated from/(used in) financing activities		137,549	(155,440)	275,082	386,320	616,472
Net increase/(decrease) in cash and cash equivalents		510,738	(49,490)	86,137	505,874	(80,879)
Cash and cash equivalents at beginning of year/period		400,648	911,322	861,762	861,762	947,899
Effect of foreign exchange rate changes		(64)	(70)	–	5	(9)
Cash and cash equivalents at end of year/period	*28*	911,322	861,762	947,899	1,367,641	867,011

The accompanying notes form part of the Consolidated Financial Information.

B NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Consolidated Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out below.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised IFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on or after 1 January 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2013 are set out in Note 40.

The Consolidated Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Hong Kong Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Information.

The Corresponding Financial Information for the nine months ended 30 September 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Consolidated Financial Information.

(b) Basis of preparation and presentation

Mr. Huang Liping (the "Controlling Shareholder") beneficially owned and controlled various companies in the Cayman Islands, the British Virgin Islands (the "BVI"), Hong Kong and the People's Republic of China (the "PRC") which are principally engaged in investment holding, property development and sale, property investment and construction. In preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the Company was incorporated in the Cayman Islands on 15 July 2013 and became the holding company of the companies now comprising the Group pursuant to the Reorganisation completed on 16 September 2013.

As part of the Reorganisation, on 17 February 2012, AAA Finance & Investment Limited ("HK 3A"), a company beneficially owned and controlled by BVI 3A which was in turn beneficially owned and controlled by the Controlling Shareholder, acquired an aggregate of 55% equity interests in United Real Estate (Wuhan) Co., Ltd ("Wuhan United Real Estate") from companies controlled by the Controlling Shareholder, and Wuhan United Real Estate became a wholly-owned subsidiary of HK 3A. Wuhan United Real Estate had a controlling interest in Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") which in turn held the various operating subsidiaries of the Group.

On 29 August 2013, the Company acquired all the issued share capital in BVI 3A from the Controlling Shareholder, in consideration of which the Company allotted and issued 73,323 shares to AAA Finance and Investment Holdings Limited, a company wholly-owned by the Controlling Shareholder, and BVI 3A became a wholly-owned subsidiary of the Company.

On 13 September 2013, AAA Finance and Investment Holdings Limited transferred 4,000 shares and 9,734 shares to Lidao Investment Limited and Qianbao Investment Limited at par value, respectively. Lidao Investment Limited is wholly owned by the Controlling Shareholder and Qiandao Investment Limited is wholly owned by a non-controlling equity holder, Mr. Tse Shing Ming.

The ultimate control over all major affairs of the Company, BVI 3A and Wuhan United Real Estate, including the power over these companies, exposure, or rights, to variable returns from his involvement with these companies and the ability to use his power over these companies to affect the amount of returns, were vested on the Controlling Shareholder before and after the completion of the Reorganisation. The control is not transitory, and, consequently, there was a continuation of the risks and benefits to the Controlling Shareholder. Therefore, the acquisition of Wuhan United Real Estate by HK 3A and the acquisition of BVI 3A by the Company were transactions under common control and the merger basis of accounting has been applied. The Financial Information has been prepared as if the Group had always been in existence, and the net assets of these companies are consolidated using the existing book values from the Controlling Shareholder's perspective.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group as set out in Section A include the results of operations of the Company and its subsidiaries for the Relevant Period (or where the Company and its subsidiaries were incorporated/established/acquired at a date later than 1 January 2010, for the period from the date of incorporation/establishment/acquisition to 30 September 2013) as if the Reorganisation was completed at the beginning of the Relevant Period. The consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 as set out in Section A have been prepared to present the state of affairs of the Company and its subsidiaries as if the entities now comprising the Group had been consolidated as at those dates (or where the companies were acquired/incorporated/established at a date later than 1 January 2010, as if the consolidation has occurred from the date when the companies first came under the control of the Controlling Shareholder).

All material intra-group transactions and balances have been eliminated on consolidation.

During the Relevant Period, HK 3A, Wuhan United Real Estate, Wuhan Optics Valley Union and its subsidiaries also acquired certain subsidiaries and non-controlling interests in certain subsidiaries from independent third parties (see Notes 5&33(d)). Such transactions have been accounted for under accounting policies as set out in Note 1(e).

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
AAA Holdings Limited ("BVI 3A")	17 June 1997 British Virgin Islands ("BVI")	USD100/ USD50,000	100%	–	Investment holding
AAA Finance & Investment Limited ("HK 3A") 三A銀信投資有限公司	13 December 1996 Hong Kong	HK$1,190,476/ HK$10,000,000	–	100%	Investment holding
United Real Estate (Wuhan) Co., Ltd. ("Wuhan United Real Estate") 聯合置業(武漢)有限公司*	23 July 1993 The PRC	RMB100,000,000	–	100%	Property development
Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") 武漢光谷聯合集團有限公司*	24 July 2000 The PRC	RMB480,000,000	–	100%	Property development
Wuhan Optics Valley Financial Harbour Development Co., Ltd. ("OV Financial Harbour Development") 武漢光谷金融港發展有限公司*	24 July 2008 The PRC	RMB268,160,000	–	100%	Property development
Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development") 黃石光谷聯合發展有限公司*	24 January 2005 The PRC	RMB100,000,000	–	100%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development") 青島光谷聯合發展有限公司*	1 September 2011 The PRC	RMB200,000,000	–	100%	Property development
Wuhan Xuefu Property Co., Ltd. ("Wuhan Xuefu") 武漢學府房地產有限公司**(Note (i))*	29 April 1999 The PRC	RMB60,000,000	–	51%	Property development
Hubei Huisheng Technology Development Co., Ltd. ("Hubei Huisheng") 湖北匯盛科技發展有限公司*	8 December 2005 The PRC	RMB21,000,000	–	100%	Property development
Wuhan Minghong Technology Development Co., Ltd. ("Wuhan Minghong") 武漢鳴鴻科技發展有限公司**(Note (ii))*	8 February 2001 The PRC	RMB30,000,000	–	100%	Property development
Wuhan Optics Valley Union Architectural Design Institute Co., Ltd. ("OVU Architectural Design Institute") 武漢光谷聯合建築設計研究院有限公司*	21 April 2011 The PRC	RMB6,000,000	–	100%	Project planning and design service
Wuhan Lido Technology Co., Ltd. ("Wuhan Lido Technology") 武漢麗島科技有限公司*	13 December 2000 The PRC	RMB20,000,000	–	100%	Construction services

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Lido Curtain Wall Manufacture Co., Ltd. ("Wuhan Lido Curtain Wall") 武漢麗島幕牆製造有限公司*	17 November 2011 The PRC	RMB10,000,000	–	100%	Construction services
Wuhan Jitian Construction Co., Ltd. ("Wuhan Jitian Construction") 武漢吉天建設工程有限公司* *(Note (iii))*	11 June 2001 The PRC	RMB210,000,000	–	100%	Construction services
Wuhan Optics Valley Energy Conservation Technology Co., Ltd. ("OV Energy Conservation Technology") 武漢光谷節能技術有限公司*	26 July 2010 The PRC	RMB40,000,000	–	80%	Energy-saving technique development
Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management") 武漢麗島物業管理有限公司*	19 July 2000 The PRC	RMB105,000,000	–	100%	Property management services
Wuhan Quanpai Catering Management Co., Ltd. ("Wuhan Quanpai Catering Management") 武漢全派餐飲管理有限公司*	7 June 2011 The PRC	RMB3,000,000	–	100%	Catering services
Wuhan Qianbao Media Co., Ltd. ("Wuhan Qianbao Media") 武漢市千寶廣告傳播有限公司*	29 December 2003 The PRC	RMB300,000	–	100%	Advertising services

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Optics Valley Union Real Estate Agency Co., Ltd. 武漢光谷聯合不動產營銷代理有限公司*	16 September 2011 The PRC	RMB5,000,000	–	100%	Property agency services
Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development") 瀋陽光谷聯合發展有限公司*	29 May 2012 The PRC	RMB100,000,000	–	100%	Property development
Hubei Technology Enterprise Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator") 湖北科技企業加速器有限公司*	18 May 2012 The PRC	RMB150,000,000	–	70%	Property development
Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd. ("Energy Conservation Technology Park") 武漢光谷節能科技園有限公司* *(Note (iv))*	8 December 2011 The PRC	RMB200,000,000	–	70%	Property development
Wuhan Financial Harbour Development Co., Ltd. ("Wuhan Financial Harbour Development") 武漢金融港開發有限公司* *(Note (v))*	5 December 2011 The PRC	RMB200,000,000	–	70%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Optics Valley Software Park Co., Ltd. ("Optics Valley Software Park") 武漢光谷軟件園有限公司* *(Note (vi))*	9 September 2005 The PRC	RMB50,000,000	–	100%	Property development
Wuhan Lido Real Estate Agency Co., Ltd. 武漢麗島房地產代理有限公司*	20 February 2012 The PRC	RMB1,000,000	–	100%	Property agency service
Wuhan Lido Human Resources Service Co., Ltd. 武漢麗島人力資源服務有限公司*	15 May 2012 The PRC	RMB500,000	–	100%	Human resources service
Wuhan Shangyuan Construction Labor Co., Ltd. 武漢尚源建築勞務有限公司*	19 November 2012 The PRC	RMB5,000,000	–	100%	Supporting service for construction
Wuhan Ziyuan Hotel Management Co., Ltd. 武漢紫緣酒店管理有限公司*	1 February 2013 The PRC	RMB2,000,000	–	100%	Hotel management
Wuhan Optics Valley Energy Conservation Engineering Co., Ltd 武漢光谷節能工程有限公司*	23 January 2013 The PRC	RMB5,000,000	–	100%	Electrical and mechanical service
Hefei Optics Valley Union Development Co., Ltd. ("Hefei Optics Valley Union") 合肥光谷聯合發展有限公司	13 September 2013 The PRC	RMB100,000,000	–	92%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Yinxun Human Resources Service Co., Ltd. ("Wuhan Yinxun Human Resources") 武漢銀訓人力資源服務有限公司*	2 January 2014 The PRC	RMB400,000/ RMB2,000,000	–	51%	Human resources service

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Notes:

(i) On 23 November 2011, Wuhan Optics Valley Union further acquired a 2% equity interests in Wuhan Xuefu from a non-controlling equity holder at a cash consideration of RMB4,448,000. Accordingly, the Group's effective interests in Wuhan Xuefu has increased to 51% and Wuhan Xuefu became a subsidiary of the Group.

(ii) On 1 January 2009, Wuhan Optics Valley Union acquired the entire equity interests in Wuhan Minghong from unrelated third parties. The directors of the Company are of the view that the purpose of acquiring this subsidiary is solely to acquire the underlying properties.

(iii) On 18 January 2011, Wuhan Optics Valley Union acquired the entire equity interests in Wuhan Jitian Construction from independent third parties at a cash consideration of RMB22,000,000.

(iv) On 9 May 2012, Wuhan Optics Valley Union signed capital increment agreement with Hubei Science & Technology Investment Group Co., Ltd ("Hubei Science & Technology Investment") to acquire a 70% equity interest in Energy Conservation Technology Park at a consideration of RMB140,000,000.

(v) On 11 May 2012, Wuhan Optics Valley Union signed capital increment agreement with Hubei Science & Technology Investment to acquire a 70% equity interest of Wuhan Financial Harbour Development at a consideration of RMB140,000,000.

(vi) On 29 May 2012, Wuhan Optics Valley Union acquired 50% equity interests of Optics Valley Software Park and its subsidiary Hubei Soft View Occupation School at a total cash consideration of RMB41,500,000 from Dalian Software Park Co., Ltd. The directors of the Company are of the view that the entities became the subsidiary of the Group by virtue of the Articles of Association of the entities to which provided the Group the power over these companies, exposure, or rights, to variable returns from its involvement with these companies and the ability to use its power over these companies to affect the amount of returns. On 17 July 2012, Optics Valley Software Park terminated the business of Hubei Soft View Occupation School.

During the Relevant Period, the below subsidiaries were disposed of to third parties or deregistered as the directors considered that they were not strategically complementary to the principal activities of the Group:

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Lido Catering Management Co., Ltd. ("Lido Catering") 武漢麗島食堂管理有限公司* *(Note (i))*	29 September 2006 The PRC	RMB100,000	–	100%	Catering services
Wuhan Jie Chen Catering Management Co., Ltd. ("Jie Chen Catering") 武漢潔宸餐飲管理服務有限公司* *(Note (i))*	15 June 2009 The PRC	RMB500,000	–	60%	Catering services
Wuhan Kernel Bio-Tech Co., Ltd. ("Wuhan Kernel Bio-Tech") 武漢科諾生物科技股份有限公司* *(Note (ii))*	23 April 1999 The PRC	RMB57,368,880	–	81.03%	Production and sales of bio-pesticides

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Notes:

(i) Lido Catering and Jie Chen Catering were deregistered on 8 April 2010 and 21 October 2010 respectively. The net loss of these entities during the year ended 31 December 2010 was RMB458,000, which is included in the Financial Information of the Group.

(ii) Wuhan Optics Valley Union disposed of its 81.03% equity interest in Wuhan Kernel Bio-Tech to an independent third party on 17 November 2011 at a cash consideration of RMB102,800,000. The net asset of this subsidiary at the date of disposal was RMB57,673,000. The net profit of the disposed entity during the years ended 31 December 2010 and 2011 are RMB5,381,000 and RMB2,001,000 respectively, which are included in the Financial Information of the Group (See Note 3).

(c) Basis of measurement

The Consolidated Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data. It is prepared on the historical cost basis except for investment properties (See Note 1(k)), certain financial assets (See Note 1(g)) which are stated at their fair value.

(d) Use of estimates and judgements

The preparation of the Consolidated Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 38.

(e) Consolidation and combination

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, power over the entity, exposure, or rights, to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect the amount of the entity's returns are taken into account.

The financial information of subsidiaries is included in the Consolidated Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the Consolidated Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 1(g)(ii) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)(i)) or, when appropriate, the cost on initial recognition of an investment in a joint venture (see Note 1(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(l)).

(ii) Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Transaction costs in connection with a business combination are expensed as incurred.

Merger accounting has been adopted for common control combination in which all of the consolidating entities were ultimately controlled by the same party or parties both before and after the business combination, and that control was not transitory.

The Consolidated Financial Information incorporates the financial information of the consolidating entities in which the common control combination occurred as if they had been consolidated from the date when the consolidating entities first came under the control of the controlling party.

The net assets of the consolidating entities have been consolidated using the existing book values from the controlling parties' perspective. No amount has been recognised in respect of goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination, to the extent of the continuation of the controlling interest.

(f) Associates and joint arrangement

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(l)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment loss for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates or the joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or the joint ventures.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)(i)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 1(f)).

(g) Financial instruments

(i) Derivative financial assets

Derivative financial assets are recognised initially at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(l)).

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(l)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 1(l)) and foreign exchange differences on available-for-sale debt instruments (see Note 1(u)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(iii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Years	**Estimated residual value as a percentage of costs**
Buildings	20-30	3%-5%
Machines	3-10	3%-5%
Motor vehicles	5-10	3%-10%
Furniture, office equipment and others	3-10	3%-10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (Note 1(k)) and property under development for sales and completed property held for sale (Note 1(m)).

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(j) Intangible assets and goodwill

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see (Note 1(e)(ii)).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

• technical know-how, trademarks and patents	10 years
• software	5-10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (Note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and properties that are being constructed or developed for future use as investment properties.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 1(s)(ii).

(l) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3(l)(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– *Properties held for development for sale*

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

– *Properties under development for sale*

The cost of properties under development for sale comprises specifically identified cost, including: land use right (Note 1(i)), aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 1(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– *Completed properties held for sale*

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(n) Inventories

Inventories mainly include construction materials, pesticide products and low value consumables. Inventories are stated at cost and comprise all costs of purchase. They are computed on a weighted average basis, less provision for obsolescence. When inventories are consumed, the carrying amount of inventories is recognised as an expense in the year in which the consumption occurs. Any obsolete and damaged inventories are written off to the profit or loss.

(o) Construction contracts in progress

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in Note 1(s)(iv). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the consolidated balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(q) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to design and development management services, property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliable, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets upon meeting the relevant conditions, if any, attaching to them.

(t) *Finance income and finance costs*

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position

(u) *Translation of foreign currencies*

Foreign currency transactions during the period are translated at the relevant exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the relevant exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the relevant exchange rates ruling at the dates the fair value was determined.

The results of operations in other jurisdictions are translated into RMB at the exchange rates approximating the relevant exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the relevant exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation in other jurisdictions, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss on disposal when the profit or loss on disposal is recognised.

(v) Assets held for sale and discontinued operation

(i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(w) Related parties

(i) A person, or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated Financial Information, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are individually material may be aggregated if they share a majority of these criteria.

2 Segment reporting

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

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

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

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

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

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

– Bio-pesticides: this segment produces and sells bio-pesticides to domestic and overseas customers. This segment was sold in November 2011 (see Note 3).

(a) Segment results, assets and liabilities

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

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

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

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

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

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

For the year ended 31 December 2010

	Property development	Construction contract revenue	Property leasing	Development management services	Business operation services	Bio-pesticides (discontinued)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	647,635	48,977	8,199	22,812	61,175	69,414	858,212
Inter-segment revenue	–	37,565	–	6,000	–	–	43,565
Reportable segment revenue	647,635	86,542	8,199	28,812	61,175	69,414	901,777
Reportable segment profits/(losses)	191,352	(2,375)	7,874	20,393	4,972	9,353	231,569
Finance income	7,363	57	–	–	1,252	(184)	8,488
Finance costs	(1,312)	(155)	–	–	(25)	(1,252)	(2,744)
Depreciation	(2,053)	(393)	–	–	(483)	(2,656)	(5,585)
Amortisation	(5)	(17)	–	–	–	(646)	(668)
Share of profits of associates	34,623	–	–	–	–	–	34,623
Share of losses of joint ventures	(242)	–	–	–	–	(85)	(327)
Increase in fair value of investment properties	5,700	600	–	–	500	–	6,800

For the year ended 31 December 2011

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Bio-pesticides (discontinued)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,171,429	107,658	11,927	25,057	89,098	67,149	1,472,318
Inter-segment revenue	–	432,293	–	10,000	2,651	–	444,944
Reportable segment revenue	1,171,429	539,951	11,927	35,057	91,749	67,149	1,917,262
Reportable segment profits/(losses)	243,064	(6,829)	11,849	22,845	3,130	6,568	280,627
Finance income	9,340	830	–	–	2,290	462	12,922
Finance costs	(5,712)	(116)	–	–	(3,214)	(2,210)	(11,252)
Depreciation	(3,401)	(921)	–	–	(715)	(2,326)	(7,363)
Amortisation	(5)	(54)	–	–	(18)	(591)	(668)
Share of losses of associates	(4,468)	–	–	–	–	–	(4,468)
Share of loss of a joint venture	(247)	–	–	–	–	–	(247)
Gain on disposal of an associate	68,847	–	–	–	–	–	68,847
Increase in fair value of investment properties	20,419	900	–	–	1,100	–	22,419

For the year ended 31 December 2012

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

For the nine months ended 30 September 2013

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	853,254	142,531	17,613	16,171	105,497	1,135,066
Inter-segment revenue	–	392,368	129	1,876	10,734	405,107
Reportable segment revenue	853,254	534,899	17,742	18,047	116,231	1,540,173
Reportable segment profits	184,407	7,726	11,109	15,256	12,959	231,457
Finance income	4,508	1,397	–	–	1,104	7,009
Finance costs	(7,265)	(4,688)	–	–	(217)	(12,170)
Depreciation	(3,187)	(4,681)	–	–	(955)	(8,823)
Amortisation	(854)	(69)	–	–	(55)	(978)
Share of losses of associates	(323)	–	–	–	–	(323)
Share of profit of a joint venture	36,731	–	–	–	–	36,731
Increase in fair value of investment properties	5,700	200	–	–	200	6,100

For the nine months ended 30 September 2012 (unaudited)

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	495,567	93,594	10,874	19,627	86,409	706,071
Inter-segment revenue	–	281,093	144	–	8,693	289,930
Reportable segment revenue	495,567	374,687	11,018	19,627	95,102	996,001
Reportable segment profits/(losses)	76,194	179	10,127	18,560	9,393	114,453
Finance income	13,524	1,335	–	–	816	15,675
Finance costs	(127)	(740)	–	–	(376)	(1,243)
Depreciation	(4,031)	(3,721)	–	–	(795)	(8,547)
Amortisation	(266)	(51)	–	–	(46)	(363)
Share of losses of associates	(351)	–	–	–	–	(351)
Share of losses of joint ventures	(4,080)	–	–	–	–	(4,080)
Increase in fair value of investment properties	5,200	300	–	–	400	5,900

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

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue					
Reportable segment revenue	901,777	1,917,262	2,378,841	996,001	1,540,173
Elimination of inter-segment revenue	(43,565)	(444,944)	(566,827)	(289,930)	(405,107)
Elimination of discontinued operation *(note 3)*	(69,414)	(67,149)	–	–	–
Consolidated revenue	788,798	1,405,169	1,812,014	706,071	1,135,066
Profits/(losses)					
Reportable segment profit derived from group's external customers	231,569	280,627	430,835	114,453	231,457
Discontinued operation *(note 3)*	(9,353)	(6,568)	–	–	–
Increase in fair value of investment properties	6,800	22,419	8,167	5,900	6,100
Share of profits/(losses) of associates	34,623	(4,468)	(386)	(351)	(323)
Share of (losses)/profits of joint ventures	(242)	(247)	(4,653)	(4,080)	36,731
Net gain on disposal of an associate	–	68,847	–	–	–
Other income	621	1,449	7,450	2,044	4,588
Finance income	8,672	12,460	19,359	15,675	7,009
Finance costs	(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Depreciation and amortisation	(2,951)	(5,114)	(12,122)	(8,910)	(9,801)
Consolidated profit from continuing operations before tax	268,247	360,363	447,058	123,488	263,591
Assets					
Reportable segment assets	2,678,676	4,041,216	5,393,751	5,808,943	6,180,663
Equity accounted investees	199,585	168,752	120,936	121,544	157,344
Other unallocated amounts	23,264	18,815	33,804	24,573	23,220
Consolidated total assets	2,901,525	4,228,783	5,548,491	5,955,060	6,361,227
Liabilities					
Reportable segment liabilities	2,012,432	3,057,204	4,153,205	4,775,122	4,925,219
Other unallocated amounts	15,856	19,806	6,919	–	110
Consolidated total liabilities	2,028,288	3,077,010	4,160,124	4,775,122	4,925,329

3 Discontinued operation

On 17 November 2011, the Group disposed of its 81.03% equity interest in Wuhan Kernel Bio-Tech, which represented the entire segment of Bio-pesticides (see Note 2) following the strategy of focusing the Group's business on properties development and operation.

	2010	2011
	RMB'000	*RMB'000*
Results of discontinued operation		
Revenue	69,414	67,149
Expenses	(64,033)	(64,798)
Results from operating activities	5,381	2,351
Income tax	–	(350)
Results from operating activities, net of tax	5,381	2,001
Gain on sale of discontinued operation	–	45,127
Income tax on gain on sale of discontinued operation	–	(11,282)
Profit for the year	5,381	35,846
Cash flow generated from/(used in) discontinued operation		
Net cash generated from/(used in) operating activities	11,164	(9,767)
Net cash used in financing activities	(401)	(6,211)
Net cash (used in)/generated from investing activities	(5,963)	93,096
Net cash generated from discontinued operation	4,800	77,118

	Note	**Net book value as of the disposal date** *RMB'000*
Effect of disposal on the consolidated statement of financial position of the Group		
Property, plant and equipment	*14*	23,667
Lease payment	*17*	12,167
Intangible assets	*16*	1,874
Interest in joint ventures	*19*	1,915
Inventories		16,123
Trade and other receivables		35,481
Cash and cash equivalents		9,704
Trade and other payables		(5,105)
Interest bearing borrowings		(25,000)
Current tax liabilities		(350)
Non-controlling interests	*33(d)(ii)*	(12,803)
Net assets		57,673
Consideration received, satisfied in cash		102,800
Gain on sale of discontinued operation before taxation		45,127
Cash and cash equivalents disposed of		(9,704)
Net cash inflow		93,096

The net profit in respect of the disposed entity attributable to the Group during the years ended 31 December 2010 and 2011 are RMB5,381,000 and RMB35,846,000 respectively, which are included in the consolidated Financial Information of the Group.

4 Liquidation of subsidiaries

In April and October 2010, the Group liquidated two subsidiaries, Lido Catering and Jie Chen Catering, the Group hold 100% and 60% equity shares of Lido Catering and Jie Chen Catering respectively. The two liquidated subsidiaries were not classified as discontinued operation as they had remained dormant with minimal revenue during the Relevant Period before the liquidation and did not fulfill the relevant requirements under IFRS 5. The related assets and liabilities of the liquidated subsidiaries were transferred to their shareholders according to their equity interest upon liquidation. Therefore, the liquidation had no impact on the Group's financial position except for the decrease in non-controlling interests in Jie Chen Catering.

5 Acquisitions of subsidiaries

(a) Acquisition of Wuhan Jitian Construction

On 18 January 2011 the Group acquired the entire equity interests in Wuhan Jitian Construction from an independent third party at a cash consideration of RMB22,000,000. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2011 would not have increased materially.

	Acquiree's carrying amount before acquisition	**Fair value adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Net assets acquired:			
Trade and other receivables	16,000	–	16,000
Cash and cash equivalents	4,000	–	4,000
Net identifiable assets	20,000	–	20,000
Goodwill			
Total consideration			22,000
Less: Net identifiable assets			(20,000)
Goodwill on the acquisition			2,000
Consideration paid, satisfied in cash			(22,000)
Less: Cash and cash equivalents acquired			4,000
Net cash outflow			(18,000)

Goodwill is generated as a result of difference between the fair value of the net assets acquired and consideration, which was fully impaired as at 31 December 2011.

Following the acquisition, Wuhan Jitian Construction contributed turnover of RMB338,112,000 and net profit of RMB20,808,000 before elimination of intra-group transactions respectively for the year ended 31 December 2011.

(b) Acquisition of Wuhan Xuefu

On 23 November 2011, the Group further acquired a 2% equity interests in Wuhan Xuefu from the non-controlling equity holders. Accordingly, the Group's effective interest in Wuhan Xuefu has increased to 51% and Wuhan Xuefu became a subsidiary of the Group.

In the year ended 31 December 2011, Wuhan Xuefu recorded a turnover of RMB444,354,000 and net profit of RMB131,421,000 at its company level. Before the acquisition of the additional 2% equity interests on 23 November 2011, Wuhan Xuefu was accounted for using the equity method in the combined financial information. At the acquisition date, the fair value of the 49% equity interests in Wuhan Xuefu was RMB98,550,000. The difference between fair value and the book value of this investment amounting to RMB68,847,000 was recorded as net gain on disposal of an associate. Following the acquisition, Wuhan Xuefu's result has been fully consolidated to the Group. In the period from 24 November 2011 (the date on which control was transferred to the Group) to 31 December 2011, Wuhan Xuefu contributed turnover of RMB434,410,000 and net profit of RMB14,702,000, after adjusted for the fair value adjustments that arose on the acquisition date, to the Group's results for the year ended 31 December 2011.

Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2011 would have increased by approximately RMB9,944,000 and decreased by approximately RMB8,313,000, respectively. In determining these amounts, the directors have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2011.

	Note	**Acquiree's carrying amount before acquisition** *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net assets acquired:				
Property, plant and equipment	*14*	1,140	–	1,140
Investment properties	*15*	12,100	–	12,100
Completed properties held for sale		236,165	184,617	420,782
Trade and other receivables		167,531	–	167,531
Current tax assets		22,783	–	22,783
Cash and cash equivalents		189,884	–	189,884
Trade and other payables		(565,150)	–	(565,150)
Deferred tax liabilities	*31(b)*	(959)	(46,154)	(47,113)

	Note	Acquiree's carrying amount before acquisition	Fair value adjustment	Fair value
		RMB'000	*RMB'000*	*RMB'000*
Net identifiable assets		63,494	138,463	201,957
Less: Fair value of previously held 49% interest in Wuhan Xuefu				(98,550)
Non-controlling interests arising from acquisition of a subsidiary				(98,959)
Total consideration				4,448
Consideration paid, satisfied in cash				(4,448)
Less: Cash and cash equivalents acquired				189,884
Net cash inflow				185,436

(c) Acquisition of Energy Conservation Technology Park

On 3 May 2012, pursuant to a capital injection agreement signed by Hubei Science & Technology Investment, Wuhan Optics Valley Union and Energy Conservation Technology Park, Wuhan Optics Valley Union and Hubei Science & Technology Investment made capital injections in Energy Conservation Technology Park of RMB140,000,000 and RMB10,000,000 respectively. After the capital injection, Wuhan Optics Valley Union held 70% equity interest and Hubei Science & Technology Investment held 30% equity interest of Energy Conservation Technology Park. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2012 would be increased by approximately nil and RMB41,000, respectively.

	Acquiree's carrying amount before acquisition	**Fair value adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Net assets acquired:			
Cash and cash equivalents	150,055	–	150,055
Trade and other receivables	303,000	–	303,000
Trade and other payables	(253,005)	–	(253,005)
Net identifiable assets	200,050	–	200,050
Less: Gain on bargain purchase			(35)
Non-controlling interests arising from acquisition of a subsidiary			(60,015)
Total consideration			140,000
Consideration paid, satisfied in cash			(140,000)
Less: Cash and cash equivalents acquired			150,055
Net cash inflow			10,055

(d) Acquisition of Wuhan Financial Harbour Development

On 6 May 2012, pursuant to a capital injection agreement signed by Hubei Science & Technology Investment, Wuhan Optics Valley Union and Wuhan Financial Harbour Development, Wuhan Optics Valley Union and Hubei Science & Technology Investment made capital injections in Wuhan Financial Harbour Development of RMB140,000,000 and RMB10,000,000 respectively. After the capital injection, Wuhan Optics Valley Union held a 70% equity interest and Hubei Science & Technology Investment held a 30% equity interest in Wuhan Financial Harbour Development. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2012 would have increased by approximately nil and RMB45,000, respectively.

	Acquiree's carrying amount before acquisition	**Fair value adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Net assets acquired:			
Cash and cash equivalents	150,059	–	150,059
Trade and other receivables	265,000	–	265,000
Trade and other payables	(215,005)	–	(215,005)
Net identifiable assets	200,054	–	200,054
Less: Gain on bargain purchase			(38)
Non-controlling interests arising from acquisition of subsidiaries			(60,016)
Total consideration			140,000
Consideration paid, satisfied in cash			(140,000)
Less: Cash and cash equivalents acquired			150,059
Net cash inflow			10,059

(e) Acquisition of Optics Valley Software Park

On 29 May 2012, the Group acquired a 50% equity interests in Optics Valley Software Park from an independent third party at a cash consideration of RMB41,500,000 and Optics Valley Software Park became a subsidiary of the Group.

In the year ended 31 December 2012, Optics Valley Software Park recorded a turnover of RMB301,774,000 and net profit of RMB45,677,000 at its company level. At the acquisition date, the fair value adjustments of RMB33,140,000 were made to the assets of Optics Valley Software Park. Following the acquisition, Optics Valley Software Park's result has been fully consolidated to the Group. In the period from 30 May 2012 (the date on which control was transferred to the Group) to 31 December 2012, Optics Valley Software Park contributed turnover of RMB301,772,000 and net profit of RMB20,675,000, after adjusted for the fair value adjustments that arose on the acquisition date, to the Group's results for the year ended 31 December 2012.

Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2012 would have increased by approximately RMB2,000 and decreased by approximately RMB3,000 respectively. In determining these amounts, the directors have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2012.

On 17 May 2013, the Group acquired the remaining 50% equity interests in Optics Valley Software Park from Hubei Science & Technology Investment at a cash consideration of RMB35,054,000 (see note 33d(iv)).

	Note	**Acquiree's carrying amount before acquisition**	**Fair value adjustment**	**Fair value**
		RMB'000	*RMB'000*	*RMB'000*
Net assets acquired:				
Property, plant and equipment	*14*	25	141	166
Property under development and completed properties for sale		234,006	32,999	267,005
Intangible assets	*16*	190	–	190
Trade and other receivables		1,433	–	1,433
Current tax assets		34,210	–	34,210
Cash and cash equivalents		113,314	–	113,314
Deferred tax assets		2	–	2
Trade and other payables		(333,320)	–	(333,320)

	Note	**Acquiree's carrying amount before acquisition** *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net identifiable assets		49,860	33,140	83,000
Non-controlling interests arising from acquisition of a subsidiary				(41,500)
Total consideration				41,500
Consideration paid, satisfied in cash				(41,500)
Less: Cash and cash equivalents acquired				113,314
Net cash inflow				71,814

6 Turnover

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

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

The amounts of each significant category of revenue recognised in turnover during the Relevant Period is as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue from:					
Property development	647,635	1,171,429	1,431,893	495,567	853,254
Construction contract	48,977	107,658	195,056	93,594	142,531
Business operation services	61,175	89,098	131,331	86,409	105,497
Development management services	22,812	25,057	36,099	19,627	16,171
Property leasing	8,199	11,927	17,635	10,874	17,613
	788,798	1,405,169	1,812,014	706,071	1,135,066

7 Other income and other expenses

Other income

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Government grants *(Note)*	–	786	4,723	141	3,312
Net gain on disposal of other non-current assets	–	–	1,380	1,209	4
Compensation income	–	1	500	349	91
Others	621	662	847	345	1,181
	621	1,449	7,450	2,044	4,588

Note: During the Relevant Period, the Group received government subsidies from different local government bureaus as a recognition of the Group's contribution in the relevant districts.

Other expenses

	Years ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net loss on disposal of property, plant and equipment	(61)	(582)	(129)	(104)	(200)
Penalty	(1,861)	(63)	(11)	(10)	(2)
Others	(475)	(65)	(342)	(164)	(132)
	(2,397)	(710)	(482)	(278)	(334)

8 Profit before taxation

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

(a) Finance income/(costs)

	Years ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income	1,943	10,241	15,533	12,891	5,711
Net realised and unrealised gains on other investments	6,729	2,219	3,602	2,784	1,298
Net foreign exchange gain	–	–	224	–	–
Sub-total	8,672	12,460	19,359	15,675	7,009
Finance costs					
Interest expenses	(43,878)	(67,341)	(131,095)	(124,063)	(114,362)
Less: Capitalised interest expenses	42,411	66,003	130,089	123,196	104,201
	(1,467)	(1,338)	(1,006)	(867)	(10,161)
Net foreign exchange loss	–	–	–	–	(1,212)
Net realised and unrealised losses on other investments	(25)	(7,704)	(586)	(376)	(797)
Sub-total	(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Net finance income/(costs)	7,180	3,418	17,767	14,432	(5,161)

Note: The borrowing costs have been capitalised at rates ranging from 5.31% to 7.04%, 5.4% to 7.05%, 5.4% to 8.32% and 3.9% to 12% per annum (see Note 30) for the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 respectively.

(b) Staff costs

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	66,731	122,175	178,857	95,121	117,537
Contributions to defined contribution pension schemes	3,458	6,248	8,319	6,235	7,799
	70,189	128,423	187,176	101,356	125,336

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension schemes (the "Schemes") which are administered and operated by the relevant local government authorities. The Group is required to make contributions to the Schemes from 18% to 20% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

(c) Other items

		Years ended 31 December			Nine months ended 30 September	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation	*14*	2,929	5,037	11,437	8,547	8,823
Amortisation	*16*	22	77	685	363	978
Auditor's remuneration		352	388	1,944	1,053	2,470
Cost of properties sold		406,999	860,493	957,556	333,737	574,855
Cost of construction and goods sold	*25*	44,710	99,554	173,536	88,429	130,287
Rentals from property leasing	*6*	(8,199)	(11,927)	(17,635)	(10,874)	(17,613)
Less: Direct outgoings		274	264	472	82	28
Operating lease charges		258	1,165	1,778	923	2,637

9 Income tax in the consolidated income statements

(a) Income tax in the consolidated income statements represents:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax					
PRC corporate income tax for the year/period	53,222	98,455	113,053	36,455	69,917
PRC Land Appreciation Tax for the year/period	46,254	80,939	81,753	31,892	66,678
	99,476	179,394	194,806	68,347	136,595
Deferred taxation					
Origination and reversal of temporary differences	(9,079)	(42,402)	(25,449)	(14,713)	(9,140)
Tax expense from continuing operations	90,397	136,992	169,357	53,634	127,455
Tax expense from discontinued operation *(Note 3)*	–	11,632	–	–	–
Total income tax expense	90,397	148,624	169,357	53,634	127,455

Tax expense from continuing operations excludes the tax expense from discontinued operation of RMB350,000 for the year ended 31 December 2011 (2010: nil) and the tax expense on the gain on sale of discontinued operation of RMB11,282,000 for the year ended 31 December 2011 (2010: nil). Both of these are included in "profit from discontinued operation, net of tax" in the statement of comprehensive income (see Note 3).

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax from					
– continuing operations	268,247	360,363	447,058	123,488	263,591
– discontinued operation *(Note 3)*	5,381	47,478	–	–	–
Notional tax on profit before taxation calculated at the standard tax rate applicable in the jurisdiction concerned *(Note (i) to (iii))*	68,438	102,407	111,758	30,922	65,778
Tax effect of non-deductible expenses	300	5,797	6,085	1,814	6,881
Effect on non-taxable income	(13,463)	(18,334)	(518)	(1,248)	(625)
Effect on unused tax losses not recognised	112	1,362	559	586	1,174
Utilisation of tax losses and deductible temporary differences not previously recognised	(53)	(92)	–	–	–
Tax effect of adopting prescribed tax calculation method by a PRC subsidiary *(Note (iii))*	372	(3,220)	(9,842)	(2,359)	738
PRC dividend withholding tax *(Note (v))*	–	–	–	–	3,500
Land Appreciation Tax in relation to completed properties sold *(Note (iv))*	46,254	80,939	81,753	31,892	66,678
Tax effect on Land Appreciation Tax	(11,563)	(20,235)	(20,438)	(7,973)	(16,669)
Income tax expense	90,397	148,624	169,357	53,634	127,455

(i) Pursuant to the rules and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.

(ii) No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax during the Relevant Period.

(iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified. According to the approval from the tax authority in Wuhan, Hubei Province, Wuhan Lido Technology and Wuhan Jitian Construction's assessable profits were calculated based on 5% of their gross turnover for the years ended 31 December 2010, 2011 and 2012, and 8% of gross turnover for the period ended 30 September 2013.

(iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

(v) According to the PRC CIT Law and its related regulations, the Group is subject to a withholding tax at 10%, unless reduced by tax treaties or arrangements, for dividends distributed by a PRC enterprise to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-HK Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding rate of 5%.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	For the year ended 31 December 2010				
	Directors' fees	**Salaries, allowances and benefits in kinds**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	381	1,517	14	1,912
Hu Bin	–	381	1,200	14	1,595
Chen Huifen	–	277	960	14	1,251
	–	1,039	3,677	42	4,758

	For the year ended 31 December 2011				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	445	1,620	14	2,079
Hu Bin	–	445	1,620	14	2,079
Chen Huifen	–	320	1,370	14	1,704
	–	1,210	4,610	42	5,862

	For the year ended 31 December 2012				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	470	1,637	14	2,121
Hu Bin	–	470	1,792	14	2,276
Chen Huifen	–	342	1,144	14	1,500
	–	1,282	4,573	42	5,897

	Nine months ended 30 September 2013				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	302	1,262	11	1,575
Hu Bin	–	302	1,234	11	1,547
Chen Huifen	–	194	795	11	1,000
	–	798	3,291	33	4,122

	Nine months ended 30 September 2012 (unaudited)				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	248	1,334	11	1,593
Hu Bin	–	248	1,259	11	1,518
Chen Huifen	–	158	800	11	969
	–	654	3,393	33	4,080

No director of the Group waived or agreed to waive any remuneration during the Relevant Period. No remuneration was paid to independent non-executive directors during the Relevant Period as the independent non-executive directors have not been appointed during the Relevant Period.

During the Relevant Period, there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

The Group did not have any share option scheme for the purchase of ordinary shares in the Group during the Relevant Period.

11 Individuals with highest emoluments

For the Relevant Period, among the five individuals with the highest emoluments, three are directors of the Company during the Relevant Period whose emoluments are disclosed in Note 10. The aggregate of the emoluments in respect of the other two individuals are as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	1,476	2,718	2,581	1,776	1,815
Retirement scheme contributions	28	28	28	22	22
	1,504	2,746	2,609	1,798	1,837

The emoluments of these two individuals with the highest emoluments are within the following bands:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012** (unaudited)	**2013**
HK$ nil to 1,000,000	1	–	–	2	2
HK$1,000,001 to 1,500,000	1	1	1	–	–
HK$1,500,001 to 2,000,000	–	1	1	–	–

12 Basic earnings per share

The calculation of basic earnings per share for the Relevant Periods is based on the profit attributable to equity shareholders of the Company for each of the years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2012 and 2013, and the deemed weighted average number of 63,590, 63,590, 84,003, 84,003 (unaudited) and 89,394 shares of the Company during the respective year/period.

There were no dilutive potential ordinary shares during the Relevant Periods and therefore, diluted earnings per share are not presented.

The basic earnings per share as presented on the consolidated income statements have not taken into account the proposed capitalisation issue as described in Section C.

13 Other comprehensive income

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Exchange differences on translation of financial statements of overseas subsidiaries	408	571	(303)	(885)	414
Share of the movement of a joint venture's reserve	–	–	1,994	1,994	–
	408	571	1,691	1,109	414

14 Property, plant and equipment

	Note	Buildings RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2010		50,755	32,750	14,245	5,256	–	103,006
Transfer from construction in progress		–	–	–	77	(77)	–
Other additions		–	34	4,094	702	1,285	6,115
Disposals		–	–	(889)	–	–	(889)
At 31 December 2010		50,755	32,784	17,450	6,035	1,208	108,232
At 1 January 2011		50,755	32,784	17,450	6,035	1,208	108,232
Additions through acquisition of subsidiaries	*5(b)*	–	–	1,236	329	–	1,565
Transfer from inventory		10,545	–	–	–	–	10,545
Other additions		–	49	10,300	2,897	17,722	30,968
Assets included in discontinued operation	*3*	(23,360)	(32,153)	(3,306)	(1,929)	(2,380)	(63,128)
Disposals		–	(387)	(3,896)	(22)	–	(4,305)
At 31 December 2011		37,940	293	21,784	7,310	16,550	83,877
At 1 January 2012		37,940	293	21,784	7,310	16,550	83,877
Transfer from construction in progress		–	48,230	–	–	(48,230)	–
Additions through acquisition of subsidiaries	*5(e)*	–	–	211	210	–	421
Other additions		276	308	6,298	3,794	34,129	44,805
Disposals		–	–	(334)	(383)	–	(717)
At 31 December 2012		38,216	48,831	27,959	10,931	2,449	128,386
At 1 January 2013		38,216	48,831	27,959	10,931	2,449	128,386
Transfer from inventory		4,510	–	–	–	–	4,510
Other additions		257	29	1,839	1,532	17,448	21,105
Reclassification to assets held for sale	*22*	(16,839)	–	–	–	–	(16,839)
Disposals		–	–	(677)	(62)	–	(739)
At 30 September 2013		26,144	48,860	29,121	12,401	19,897	136,423

	Note	Buildings RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:							
At 1 January 2010		(11,676)	(24,469)	(8,272)	(3,536)	–	(47,953)
Charge for the year		(1,816)	(1,928)	(1,329)	(512)	–	(5,585)
Written back on disposals		–	–	783	–	–	783
At 31 December 2010		(13,492)	(26,397)	(8,818)	(4,048)	–	(52,755)
At 1 January 2011		(13,492)	(26,397)	(8,818)	(4,048)	–	(52,755)
Charge for the year		(2,371)	(1,332)	(2,890)	(770)	–	(7,363)
Additions through acquisition of subsidiaries	*5(b)*	–	–	(205)	(220)	–	(425)
Assets included in discontinued operation	*3*	8,795	27,252	1,765	1,649	–	39,461
Written back on disposals		–	376	3,058	18	–	3,452
At 31 December 2011		(7,068)	(101)	(7,090)	(3,371)	–	(17,630)
At 1 January 2012		(7,068)	(101)	(7,090)	(3,371)	–	(17,630)
Charge for the year		(1,709)	(3,754)	(4,411)	(1,563)	–	(11,437)
Additions through acquisition of subsidiaries	*5 (e)*	–	–	(109)	(146)	–	(255)
Written back on disposals		–	–	101	312	–	413
At 31 December 2012		(8,777)	(3,855)	(11,509)	(4,768)	–	(28,909)
At 1 January 2013		(8,777)	(3,855)	(11,509)	(4,768)	–	(28,909)
Charge for the period		(679)	(3,545)	(2,933)	(1,666)	–	(8,823)
Reclassification to assets held for sale	*22*	4,999	–	–	–	–	4,999
Written back on disposals		–	–	356	61	–	417
At 30 September 2013		(4,457)	(7,400)	(14,086)	(6,373)	–	(32,316)
Net book value:							
At 31 December 2010		37,263	6,387	8,632	1,987	1,208	55,477
At 31 December 2011		30,872	192	14,694	3,939	16,550	66,247
At 31 December 2012		29,439	44,976	16,450	6,163	2,449	99,477
At 30 September 2013		21,687	41,460	15,035	6,028	19,897	104,107

The buildings are all situated on land in the PRC held under medium-term leases.

Certain property, plant and equipment pledged to secure bank loans are set out in note 30.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, certain buildings of the Group with carrying value of RMB17,490,000, RMB24,553,000, RMB23,520,000, and RMB16,956,000 respectively, were without building ownership certificates. As at 30 September 2013, the Group was in progress of obtaining the relevant building ownership certificates.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, property, plant and equipment that were fully depreciated but still in use were amounted to RMB8,211,000, RMB5,896,000, RMB3,600,000 and RMB7,581,000 respectively.

15 Investment properties

	Note	**Investment properties** *RMB'000*
At 1 January 2010		240,400
Representing:		
Cost		87,374
Valuation		153,026
		240,400
At 1 January 2010		240,400
Fair value adjustment		6,800
At 31 December 2010	*34(e)*	247,200
Representing:		
Cost		87,374
Valuation		159,826
		247,200
At 1 January 2011		247,200
Transfer from inventory		9,481
Acquisition of a subsidiary	*5(b)*	12,100
Fair value adjustment		22,419
At 31 December 2011	*34(e)*	291,200

	Note	Investment properties *RMB'000*
Representing:		
Cost		108,955
Valuation		182,245
		291,200
At 1 January 2012		291,200
Addition		433
Fair value adjustment		8,167
At 31 December 2012	*34(e)*	299,800
Representing:		
Cost		109,388
Valuation		190,412
		299,800
At 1 January 2013		299,800
Fair value adjustment		6,100
Transfer to assets held for sale	*22*	(6,710)
At 30 September 2013	*34(e)*	299,190
Representing:		
Cost		102,678
Valuation		196,512
		299,190
Book value:		
At 31 December 2010		247,200
At 31 December 2011		291,200
At 31 December 2012		299,800
At 30 September 2013		299,190

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 10 years. No contingent rents are charged. See note 35 for further information. One property has been transferred from inventory to investment property in 2011 since the building was no longer held for sale and as such it was decided that the building would be leased to a third party.

The Group's investment properties were revalued as at 31 December 2010, 2011 and 2012 and 30 September 2013 by an independent firm of surveyors, Savills Valuation, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, certain investment properties of the Group with carrying value of RMB75,000,000, RMB103,700,000, RMB108,200,000 and RMB110,500,000 respectively, were without building ownership certificate. As at 30 September 2013, the Group was in progress of obtaining the relevant building ownership certificate.

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB8,200,000, RMB34,100,000, RMB35,300,000 and RMB30,337,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively (Note 30), and certain properties under development and completed properties held for sale held by the Group (Notes 23 and 24).

16 Intangible assets

	Note	Software	Technical know-how and others	Total
		RMB'000	*RMB'000*	*RMB'000*
***Cost*:**				
At 1 January 2010		161	8,151	8,312
Additions		7	–	7
At 31 December 2010		168	8,151	8,319
Additions		507	–	507
Assets included in discontinued operation	*3*	(104)	(8,151)	(8,255)
At 31 December 2011		571	–	571
Additions		4,314	–	4,314
Additions through acquisition of subsidiaries	*5(e)*	1,214	–	1,214
Other disposals		(47)	–	(47)
At 31 December 2012		6,052	–	6,052
Additions		1,190	–	1,190
At 30 September 2013		7,242	–	7,242
***Accumulated amortisation*:**				
At 1 January 2010		(95)	(5,695)	(5,790)
Charge for the year		(33)	(311)	(344)
At 31 December 2010		(128)	(6,006)	(6,134)
Charge for the year		(87)	(284)	(371)
Assets included in discontinued operation	*3*	91	6,290	6,381
At 31 December 2011		(124)	–	(124)

	Note	Software RMB'000	Technical know-how and others RMB'000	Total RMB'000
Charge for the year		(685)	–	(685)
Additions through acquisition of subsidiaries	*5(e)*	(1,024)	–	(1,024)
Other disposals		27	–	27
At 31 December 2012		(1,806)	–	(1,806)
Charge for the period		(978)	–	(978)
At 30 September 2013		(2,784)	–	(2,784)
Net book value:				
At 31 December 2010		40	2,145	2,185
At 31 December 2011		447	–	447
At 31 December 2012		4,246	–	4,246
At 30 September 2013		4,458	–	4,458

17 Lease prepayment

Interests in leasehold land represent prepayments of land use rights premium to the PRC authorities by the Group. The Group's leasehold land was located in the PRC and owned by its subsidiary Wuhan Kernel Bio-Tech and recorded as assets included in discontinued operation (Note 3), on which its manufacturing plants were built. During the year ended 31 December 2011, the Group disposed the equity interests in Wuhan Kernel Bio-Tech to an independent third party, thus no lease prepayment was recorded thereafter.

The carrying amount of lease prepayments pledged to secure the Group's certain bank loans as at 31 December 2010, 2011, 2012 and 30 September 2013 amounted to RMB12,464,000, nil, nil and nil respectively (Note 30).

18 Interest in associates

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	60,412	1,741	1,585	1,261

The following are the associates of the Group, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of company	Place of establishment	Paid-in/ registered capital	Effective interest held by the Group as at 31 December 2010	2011	2012	Principal activity
		RMB'000				
Wuhan Xuefu 武漢學府房地產有限公司* *(Note (i))*	The PRC	60,000	49%	–	–	Property development
Wuhan Integrated Circuit Design Technology Co., Ltd. 武漢集成電路設計工程技術有限公司* *(Note (ii))*	The PRC	28,900	15.71%	15.71%	15.71%	IC design
Huangshi High-tech Accelerator Co., Ltd. 黃石高新科技企業加速器發展有限公司*	The PRC	1,000	–	–	23%	Investment and consulting service
Wuhan Lido Materials Technology Co., Ltd. 武漢麗島材料技術發展有限公司* *(Note (iii))*	The PRC	1,000	30%	30%	30%	Construction decoration services

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Notes:

(i) During the year ended 31 December 2011, the Group further acquired 2% equity interests in Wuhan Xuefu from an independent third party, and Wuhan Xuefu becomes a subsidiary of the Group thereafter.

(ii) Whilst the Group has only a 15.71% equity interest in this associate, the Group is considered to have significant influence over the associate because of its representation in the associate's board of directors.

(iii) Wuhan Lido Materials Technology Co., Ltd. ceased operation during the year 2010 and the investment in this associate had been fully impaired.

Summary financial information on associates for the Relevant Period:

	Assets	**Liabilities**	**Equity**	**Revenue**	**Profits/ (Losses) for the year/ period**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2010					
100 per cent	444,196	(311,516)	132,680	316,875	69,596
Group's effective interest	211,953	(151,541)	60,412	186,063	34,623
At 31 December 2011					
100 per cent	17,411	(6,329)	11,082	1,280	(10,980)
Group's effective interest	2,735	(994)	1,741	201	(4,468)
At 31 December 2012					
100 per cent	15,625	(5,973)	9,652	964	(2,430)
Group's effective interest	2,530	(945)	1,585	151	(386)
At 30 September 2013					
100 per cent	13,975	(6,331)	7,644	854	(2,007)
Group's effective interest	2,285	(1,024)	1,261	134	(323)

19 Interest in joint ventures

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	76,673	74,511	71,851	108,583
Goodwill	47,500	47,500	47,500	47,500
Amounts due from a joint venture	15,000	45,000	–	–
	139,173	167,011	119,351	156,083

The amounts due from joint ventures are unsecured, non-interest bearing and have no fixed repayment term.

The Group has the following interests in joint ventures:

Name of company	Place of establishment	Paid-in/ registered capital	Effective interest held by the Group as at 31 December 2010	2011	2012	Principal activity
		RMB'000				
Wuhan Mason Property Co., Ltd. ("Wuhan Mason") 武漢美生置業有限公司*	The PRC	150,000	50%	50%	50%	Property development
Wuhan Zhihui Bio-tech Co., Ltd. 武漢智薈生物科技股份有限公司* *(Note)*	The PRC	4,000/ 10,000	50%	–	–	Agriculture technology

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Note: During the year ended 31 December 2011, the Group disposed of the equity interests in Wuhan Kernel Bio-Tech, together with its joint venture Wuhan Zhihui Bio-tech Co., Ltd., to an independent third party, thus this entity is not a joint venture of the Group thereafter.

Summary financial information on joint ventures for the Relevant Period – Group's effective interest:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	29	1	6,840	4,953
Current assets	91,846	120,332	230,324	222,405
Non-current liabilities	–	–	(2,894)	(2,134)
Current liabilities	(15,202)	(45,822)	(162,419)	(116,641)
	76,673	74,511	71,851	108,583
Turnover	–	–	6	172,901
Cost of sales	–	–	–	(107,676)
Expenses	(327)	(247)	(6,268)	(16,250)
Income tax expense	–	–	1,609	(12,244)
(Losses)/profits for the year/period	(327)	(247)	(4,653)	36,731

20 Other investments

Non-current assets

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale financial assets *(Note (i))*	–	3,000	–	–
Equity securities-unlisted *(Note (ii))*	10,000	10,000	10,000	10,000
	10,000	13,000	10,000	10,000

Current assets

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale financial assets *(Note (i))*	–	–	53,000	24,220
Trading securities *(Note (iii))*	19,624	20,976	5,316	43
	19,624	20,976	58,316	24,263

Notes:

(i) Available-for-sale financial assets include a trust investment with an anticipated annualised yield of 9.5% which was purchased in December 2010 and will be mature in two years, and certain wealth management products with anticipated annualised yields ranging from 2.4% to 4.2%.

(ii) Summary financial information on equity securities-unlisted for the Relevant Period:

Name of company	Place of incorporation/ establishment	Paid-in/ registered capital *RMB'000*	Interests of the Group as at 31 December 2010	2011	2012	Principal activity
Wuhan Optics Valley Bio-industry Investment Fund Co., Ltd. 武漢光谷生物產業創業投資基金有限公司*	The PRC	150,000/ 700,000	7.14%	7.14%	7.14%	Investment fund

* The entity is a PRC limited liability company. The English translation of the company name is for reference only. The official name of the company is in Chinese.

(iii) Trading securities as at 31 December 2010, 2011 and 2012 and 30 September 2013 represent listed equity securities with fair value of RMB19,624,000, RMB20,976,000, RMB5,316,000 and RMB43,000 according to published price quotation.

(iv) As at 31 December 2010, 2011 and 2012 and 30 September 2013, the Group's other investments were not considered to be impaired.

(v) The Group's exposure to credit and market risks and fair value information related to other investments are disclosed in Note 34.

21 Other non-current assets

Other non-current assets mainly were purchased artwork and antiques held by the Group during the Relevant Period, which had been disposed to related parties in 2012 (note 37(c)).

22 Assets held for sale

In May and June 2013, a subsidiary entered into sale and purchase agreements with independent third parties to dispose of certain of its self-occupied properties at a total consideration of RMB25,154,000. In addition, in April 2013, a subsidiary entered into a sale and purchase agreement with an independent third party to disposal of certain of its investment properties at a total consideration of RMB6,710,000. The directors are of the view that these transactions are expected to be concluded and completed by December 2013.

Accordingly, the carrying amount of these properties, totalling RMB11,840,000 and RMB6,710,000 respectively, have been reclassified from "Property, plant and equipment" and "Investment Properties" respectively to "Assets held for sale" at 30 September 2013.

23 Properties under development

(a) Properties under development in the consolidated statements of financial position comprise:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected to be recovered within one year				
– Properties under development for sale	213,911	828,532	782,940	1,818,041
Expected to be recovered after more than one year				
– Properties held for future development for sale *(Note)*	660,431	587,962	117,673	161,936
– Properties under development for sale	–	288,408	829,237	644,546
	660,431	876,370	946,910	806,482
	874,342	1,704,902	1,729,850	2,624,523

Note: Properties held for future development for sale is after netting off benefits from government grants of nil, nil, RMB24,000,000, RMB24,000,000 and RMB62,219,000 for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013, respectively. Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

(b) The analysis of carrying value of leasehold land included in properties under development is as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC, with lease term of 40 years or more	583,856	808,185	742,491	868,699

Properties under development with an aggregate carrying value of RMB293,280,000, RMB313,502,000, RMB543,094,000 and RMB527,503,000 as at 31 December 2010, 2011, 2012 and 30 September 2013, respectively, were pledged for certain bank loans granted to the Group (Note 30).

24 Completed properties held for sale

All completed properties held for sale are located in the PRC on leases between 40 and 70 years. All completed properties held for sale are stated at cost.

Completed properties held for sale with an aggregate carrying value of RMB33,159,000, RMB34,624,000 RMB34,796,000 and nil as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively, were pledged for certain bank loans granted to the Group (Note 30).

25 Inventories and contracting work-in-progress

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts due from customers for contract work *(Note)*	25,731	67,475	119,438	147,070
Raw materials	3,277	207	3,559	6,708
Work in progress	8,205	–	2,856	814
Finished goods	9,256	1,445	4,626	6,330
	46,469	69,127	130,479	160,922

Note:

	At 31 December 2010	2011	2012	At 30 September 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost plus attributable profit less foreseeable losses	50,282	120,866	180,840	184,591
Less: Progress payments received and receivable	(24,551)	(53,391)	(61,402)	(37,521)
Contracting work-in-progress	25,731	67,475	119,438	147,070
Representing:				
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	25,731	67,475	119,438	147,070

	Years ended 31 December 2010	2011	2012	Nine months ended 30 September 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Carrying amount of inventories recognised as – Cost of sales	96,361	145,544	173,536	88,429	130,287

26 Trade and other receivables

	At 31 December 2010	2011	2012	At 30 September 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from third parties				
– Trade receivables *(Note (i))*	52,496	54,932	136,712	69,723
– Bills receivable	380	–	–	–
Amounts due from non-controlling equity holders	47	136,644	32,258	21,729
Amounts due from related parties *(Note 37(d))*	21,343	20,299	5,318	3,265
Prepayments				
– for properties held for development *(Note (ii))*	–	39,700	668,078	699,045
– for construction cost and raw materials	7,158	15,602	111,718	123,827
Prepaid business tax and other tax	2,127	56,186	66,653	72,038
Others	33,338	39,544	80,794	99,128
Total	116,889	362,907	1,101,531	1,088,755

Notes:

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

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

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

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

The details on the Group's credit policy are set out in Note 34(a).

(ii) The Group has entered into a number of contracts of property development projects and has made prepayments in accordance with the terms of contracts. These prepayments would be converted into land use rights and properties under development when the rights to use the land have been obtained.

(a) Ageing analysis

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

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	20,518	992	92,087	8,660
1 to 3 months	1,897	3,310	1,955	2,008
3 to 6 months	486	14,320	16,593	9,682
Over 6 months	29,975	36,310	26,077	49,373
Total	52,876	54,932	136,712	69,723

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

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	33,979	38,283	96,528	56,870
Less than 1 month past due	83	8,232	2,606	23
1 to 3 months past due	55	857	3,148	–
3 to 6 months pas due	734	7,125	20,313	330
Over 6 months past due	18,025	435	14,117	12,500
Total	52,876	54,932	136,712	69,723

27 Restricted cash

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged for				
– Mortgage deposit	–	–	1,395	–
– Banker's letter of guarantee	2,180	2,180	1,893	2,500
– Wages guarantee	–	–	1,000	1,001
– Acquiring bank loan *(Note)*	–	220,000	–	–
– Foreign exchange bank account	–	–	–	11,990
Total	2,180	222,180	4,288	15,491

Note: Restricted cash was pledged for a 3-year-long-term bank loan with a principal amount of RMB220,000,000 as at 31 December 2011. The amount was released during the year ended 31 December 2012 when the Group has provided an alternative pledge in the form of properties under development.

28 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand				
– Cash in hand	133	106	188	109
– Cash at bank	911,189	861,656	947,711	866,902
	911,322	861,762	947,899	867,011

As at 31 December 2010, 2011 and 2012 and 30 September 2013, the cash and bank balances of the PRC subsidiaries comprising the Group is not freely convertible into other currencies and subject to Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Years ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation						
From continuing operations		268,247	360,363	447,058	123,488	263,591
From a discontinued operation	*3*	5,381	47,478	–	–	–
Adjustments to reconcile net income to net cash provided by operating activities:						
Amortisation						
– Land lease premium		324	297	–	–	–
– Intangible assets	*16*	344	371	685	363	978
Depreciation	*14*	5,585	7,363	11,437	8,547	8,823
Loss on disposal of property, plant and equipment		69	589	129	104	200
Gain on disposal of non-current assets		–	–	(1,380)	(1,209)	(4)
Finance income		(8,488)	(12,922)	(19,359)	(15,675)	(7,009)
Finance costs		2,744	11,253	1,592	1,243	12,170
Gain on sale of discontinued operation, net of tax	*3*	–	(33,845)	–	–	–
Gain on disposal of an associate	*5(b)*	–	(68,847)	–	–	–
Increase in fair value of investment properties	*15*	(6,800)	(22,419)	(8,167)	(5,900)	(6,100)
Share of losses/(profits) of joint ventures	*19*	327	247	4,653	4,080	(36,731)
Share of (profits)/losses of associates	*18*	(34,623)	4,468	386	351	323
		233,110	294,396	437,034	115,392	236,241

	Note	Years ended 31 December 2010	2011	2012	Nine months ended 30 September 2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Change in assets and liabilities						
Increase in properties under development, completed properties held for sales and inventories		(58,927)	(419,474)	(993,564)	(260,308)	(730,947)
Decrease/(increase) in trade and other receivables		76,990	(35,796)	490,168	(245,047)	11,024
Increase/(decrease) in trade and other payables		373,915	289,489	(81,285)	464,309	(60,347)
Cash generated from operations		625,088	128,615	(147,647)	74,346	(544,029)
Taxation						
PRC income tax paid		(83,628)	(214,986)	(161,497)	(139,371)	(171,420)
Net cash inflow/(outflow) from operating activities		541,460	(86,371)	(309,144)	(65,025)	(715,449)

29 Trade and other payables

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to third parties				
– Trade payables *(Note)*	238,620	626,674	731,661	803,226
– Notes payables	–	–	–	7,410
– Receipts in advance	550,323	1,020,538	1,263,451	991,509
– Accrued payroll	22,637	29,954	23,309	2,100
– Other payables and accruals	181,082	181,490	193,366	338,562
	992,662	1,858,656	2,211,787	2,142,807
Amounts due to non-controlling equity holders	454,962	412,687	491,212	320,750
Amounts due to related parties *(Note 37(d))*	67,907	23,675	102,325	202,348
	522,869	436,362	593,537	523,098
	1,515,531	2,295,018	2,805,324	2,665,905

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

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	136,399	95,462	379,902	562,438
1 to 12 months	24,018	468,783	111,392	201,059
Over 12 months	78,203	62,429	240,367	47,139
	238,620	626,674	731,661	810,636

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

Included in trade payables were retention payables which were expected to be settled after more than one year and they amounted to RMB30,426,000, RMB31,041,000, RMB28,451,000 and RMB4,827,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively.

30 Loans and borrowings

As at the end of the reporting period, interest bearing borrowings were repayable as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Secured				
– Bank loans	30,000	–	100,000	772,500
– Other borrowings	–	30,000	–	–
– Current portion of non-current bank loans	47,000	70,000	264,165	94,500
	77,000	100,000	364,165	867,000
Unsecured				
– Bank loans	–	42,000	42,000	162,000
– Current portion of other borrowings	–	70,000	70,000	–
	–	112,000	112,000	162,000
	77,000	212,000	476,165	1,029,000
Non-current				
Secured				
– Bank loans	338,992	406,111	997,165	1,045,830
Less: Current portion of non-current bank loans	(47,000)	(70,000)	(264,165)	(94,500)
	291,992	336,111	733,000	951,330
Pledged				
– Other borrowings	–	–	–	138,000
Unsecured				
– Other borrowings	–	140,000	70,000	–
Less: Current portion of non-current other borrowings	–	(70,000)	(70,000)	–
	–	70,000	–	–
	291,992	406,111	733,000	1,089,330

The Group's current and non-current borrowings were repayable as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	77,000	212,000	476,165	1,029,000
After 1 year but within 2 years	90,000	186,111	109,000	807,000
After 2 years but within 5 years	201,992	220,000	414,000	251,330
More than 5 years	–	–	210,000	31,000
	368,992	618,111	1,209,165	2,118,330

As at 31 December 2010, 2011 and 2012 and 30 September 2013, interest bearing borrowings are all denominated in functional currency of respective subsidiaries now comprising the Group.

Pledged loans with value of RMB138,000,000 as at 30 September 2013 was pledged by the 80% equity interests of Hefei Optics Valley Union.

Secured loans and borrowings with the value of RMB368,992,000, RMB436,111,000, RMB1,097,165,000 and RMB1,818,330,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively, were secured by the Group's assets with an aggregate net book value and fair value of RMB366,137,000, RMB616,878,000, RMB626,559,000 and RMB575,580,000 respectively.

The bank loans bear interest ranging from 5.31% to 7.04%, 5.4% to 7.05% and 5.4% to 8.32% and 5.68% to 12% per annum for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 respectively. Besides the above, the Group also enjoyed a lower rate of 3.9% per annum from the bank when the Group settled the credit letters amounting to RMB12,500,000 for the nine months ended 30 September 2013. The bank loans are secured by the following assets:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties	8,200	34,100	35,300	30,337
Properties under development for sale	293,280	313,502	543,094	527,503
Completed properties held for sale	33,159	34,624	34,796	–
Property, plant and equipment	19,034	14,652	13,369	17,740
Lease prepayment	12,464	–	–	–
Restricted cash	–	220,000	–	–
Total	366,137	616,878	626,559	575,580

31 Income tax in the consolidated statements of financial position

(a) *Current tax assets/(liabilities) in the consolidated statements of financial position represents:*

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepaid PRC Corporate Income Tax	21,381	53,173	46,309	73,747
Prepaid PRC Land Appreciation Tax	–	13,095	3,158	4,912
Current tax assets recognised in the consolidated statement of financial position	21,381	66,268	49,467	78,659
PRC Corporate Income Tax	27,954	47,724	30,472	15,064
PRC Land Appreciation Tax	75,855	65,161	64,709	74,485
Current tax liabilities recognised in the consolidated statement of financial position	103,809	112,885	95,181	89,549

(b) Deferred tax assets/(liabilities) recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Period are as follows:

	Temporary differences arising from LAT provision	Revaluation of investment properties	Unused tax losses *(Note)*	Unrealised gain on intra-group transaction	Revaluation arising from business combination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	8,294	(38,256)	–	687	–	(29,275)
Credited/(charged) to the consolidated income statements	8,997	(1,700)	549	1,233	–	9,079
At 31 December 2010	17,291	(39,956)	549	1,920	–	(20,196)
At 1 January 2011	17,291	(39,956)	549	1,920	–	(20,196)
Credited/(charged) to the consolidated income statements	(4,521)	(5,605)	294	10,556	41,678	42,402
Acquisition of a subsidiary *(Note 5(b))*	–	–	–	–	(47,113)	(47,113)
At 31 December 2011	12,770	(45,561)	843	12,476	(5,435)	(24,907)

	Temporary differences arising from LAT Provision	Revaluation of investment properties	Unused tax losses *(Note)*	Unrealized gain on intra-group transaction	Revaluation arising from business combination	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	12,770	(45,561)	843	12,476	(5,435)	–	(24,907)
Credited/(charged) to the consolidated income statements	10,351	(2,043)	841	7,715	2,585	6,000	25,449
At 31 December 2012	23,121	(47,604)	1,684	20,191	(2,850)	6,000	542
At 1 January 2013	23,121	(47,604)	1,684	20,191	(2,850)	6,000	542
Credited/(charged) to the consolidated income statements	(3,521)	(1,525)	2,244	11,508	434	–	9,140
At 30 September 2013	19,600	(49,129)	3,928	31,699	(2,416)	6,000	9,682
At 1 January 2012 (unaudited)	12,770	(45,561)	843	12,476	(5,435)	–	(24,907)
Credited/(charged) to the consolidated income statements	4,016	(1,476)	374	3,750	2,049	6,000	14,713
At 30 September 2012	16,786	(47,037)	1,217	16,226	(3,386)	6,000	(10,194)

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered losses in current or preceding period, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of RMB549,000, RMB843,000, RMB1,684,000 and RMB3,928,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	19,760	26,089	50,996	61,227
Net deferred tax liabilities recognised in the consolidated statements of financial position	(39,956)	(50,996)	(50,454)	(51,545)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(q)(ii), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB448,000, RMB5,528,000, RMB7,684,000 and RMB12,380,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively. The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available from these subsidiaries.

The unrecognised tax losses will expire in the following years:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2015	448	80	–	–
2016	–	5,448	5,448	5,448
2017	–	–	2,236	2,236
2018	–	–	–	4,696

(d) Deferred tax liabilities not recognised

The Group did not provide for deferred tax liabilities on earnings generated by its PRC entities for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that they will not be distributed in the foreseeable future. As of 31 December 2010, 2011, 2012 and 30 September 2013, the temporary differences relating to such undistributed profits amounted to RMB234,267,000, RMB334,392,000, RMB393,699,000 and RMB442,670,000 respectively.

32 Paid-in/registered share capital

For the purposes of this report, the capital as at 1 January 2010 represented an aggregate amount of the Group's share of the nominal value of the paid-in capital of the companies comprising the Group as at that date. The capital as at 31 December 2010, 2011 and 2012 represented the aggregate amount of the Company's share capital and paid-in capital of the companies now comprising the Group after the elimination of investments in subsidiaries. The capital as at 30 September 2013 represents the issued share capital of the Company comprising 100,000 ordinary shares of HK$0.1 each.

33 Reserves and non-controlling interests

(a) PRC statutory reserve

Pursuant to the Articles of Association of the PRC subsidiaries now comprising the Group, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the respective subsidiaries. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(b) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 1(u).

(c) Other reserve

Other reserve is resulted from transactions with owners in their capacity as equity holders. The balance comprise capital reserve surplus/deficit arising from difference between disposal/acquisition consideration and its' net assets at the respective date of disposal/acquisition.

(d) *Non-controlling interests*

See accounting policy in Note 1(e)(i).

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI"), before and after any intra-group eliminations.

30 September 2013

In thousands of RMB	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Hefei Optics Valley Union	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	49%	30%	30%	30%	25%	20%			
Non-current assets	13,809	1,195	8	–	63,226	–			
Current assets	98,196	120,291	294,487	276,272	29,992	158,002			
Non-current liabilities	(641)	–	–	–	(37,037)	(138,000)			
Current liabilities	(16,542)	(24,260)	(94,586)	(76,357)	(13,461)	–			
Net assets	94,822	97,226	199,909	199,915	42,720	20,002			
Carrying amount of NCI	46,463	29,168	59,973	59,975	8,544	4,000	–	5,975[(1)]	214,098
Revenue	4,469	–	–	–	23,689	–			
Profit	(3,344)	(2,102)	(69)	(69)	423	2			
Total comprehensive income	(3,344)	(2,102)	(69)	(69)	423	2			
Profit allocated to NCI	1,638	(631)	(21)	(21)	85	–	–	19,318[(2)]	17,092
Cash flows from operating activities	(4,343)	(44,086)	(5)	(618)	(12,815)	(89,336)			
Cash flows from investment activities	–	(199)	–	–	(15,772)	–			
Cash flows from financing activities (dividends to NCI: nil)	(5)	–	–	–	(1,312)	158,000			
Net increase/(decrease) in cash and cash equivalents	(4,348)	(44,285)	(5)	(618)	(29,899)	68,664			

1. It represents the fair value adjustments of unsold inventories of Wuhan Xuefu at consolidation level.
2. The Group acquired the remaining NCI of Wuhan Optics Valley Union in July 2013. The amount represents net profit of Wuhan Optics Valley Union belonging to NCI before the NCI disposal date.

31 December 2012

In thousands of RMB	Wuhan Optics Valley Union	Optic valley Software Park	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	21%	60%	59%	44%	44%	44%	40%			
Non-current assets	1,666,052	64	12,976	373	11	–	47,085			
Current assets	2,771,843	256,369	110,303	99,844	332,561	276,095	41,180			
Non-current liabilities	(638,414)	–	(291)	–	–	–	(35,373)			
Current liabilities	(2,769,433)	(160,899)	(24,823)	(889)	(132,593)	(76,111)	(10,594)			
Net assets	1,030,048	95,534	98,165	99,328	199,979	199,984	42,298			
Carrying amount of NCI	211,984	57,598	58,404	44,108	88,802	88,805	17,103	261,609	(311,824)	516,589
Revenue	696,122	301,772	51,942	–	1	–	29,786			
Profit	405,736	45,674	11,513	(672)	(72)	(70)	1,806			
Other comprehensive income	1,994	–	–	–	–	–	–			
Total comprehensive income	407,730	45,674	11,513	(672)	(72)	(70)	1,806			
Profit allocated to NCI	83,500	27,537	6,850	(298)	(32)	(31)	730	34,085	(85,916)	66,425
Other comprehensive income allocated to NCI	410	–	–	–	–	–	–	–	–	410
Cash flows from operating activities	(337,771)	(159,888)	15,877	(50,318)	(199,656)	(188,765)	13,927			
Cash flows from investment activities	(303,764)	–	129	(376)	(11)	–	(17,517)			
Cash flows from financing activities (dividends to NCI: 62,938)	534,826	–	(113,700)	100,000	150,000	150,000	28,195			
Net (decrease)/increase in cash and cash equivalents	(106,709)	(159,888)	(97,694)	49,306	(49,667)	(38,765)	24,605			

31 December 2011

In thousands of RMB	Wuhan United Real Estate	Wuhan Optics Valley Union	Wuhan Xuefu	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	14%	41%	67%	52%			
Non-current assets	275,206	1,067,889	15,836	16,650			
Current assets	86,924	2,296,554	349,298	35,953			
Non-current liabilities	(1,813)	(362,739)	(266)	–			
Current liabilities	(37,599)	(2,379,385)	(164,516)	(15,310)			
Net assets	322,718	622,319	200,352	37,293			
Carrying amount of NCI	44,177	253,505	134,575	19,287	370,172	(306,452)	515,264
Revenue	10,361	276,223	434,410	11,754			
Profit	56,192	64,849	139,734	875			
Total comprehensive income	56,192	64,849	139,734	875			
Profit allocated to NCI	7,692	26,417	93,858	452	56,118	(72,466)	112,071
Cash flows from operating activities	(37,994)	472,835	(12,079)	(8,793)			
Cash flows from investment activities	26,635	(196,866)	(2)	(23,100)			
Cash flows from financing activities (dividends to NCI: 31,332)	–	(36,054)	(47,878)	28,800			
Net (decrease)/increase in cash and cash equivalents	(11,359)	239,915	(59,959)	(3,093)			

31 December 2010

In thousands of RMB	Wuhan United Real Estate	Wuhan Optics Valley Union	Wuhan Kernel Bio-Tech	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	14%	43%	50%	54%			
Non-current assets	208,277	827,717	40,435	328			
Current assets	110,963	1,107,474	69,399	10,759			
Non-current liabilities	(1,563)	(157,314)	–	–			
Current liabilities	(51,151)	(1,124,407)	(41,359)	(3,469)			
Net assets	266,526	653,470	68,475	7,618			
Carrying amount of NCI	36,485	280,239	34,328	4,102	216,332	(204,776)	366,710
Revenue	14,561	318,351	69,414	15			
Profit	67,343	109,629	5,381	(382)			
Total comprehensive income	67,343	109,629	5,381	(382)			
Profit allocated to NCI	9,219	47,014	2,697	(206)	33,735	(25,890)	66,569
Cash flows from operating activities	(28,123)	379,388	11,164	3,017			
Cash flows from investment activities	10,489	(274,823)	(5,963)	(318)			
Cash flows from financing activities (dividends to NCI: 29,022)	–	62,471	(401)	8,000			
Net (decrease)/increase in cash and cash equivalents	(17,634)	167,036	4,800	10,699			

(i) During the year ended 31 December 2010, Wuhan Optics Valley Union established a 75% owned subsidiary OV Energy Conservation Technology together with an independent third party, which held the remaining 25% equity interests. The paid-up capital of OV Energy Conservation Technology amounted to RMB8,000,000, and the corresponding capital contribution from the non-controlling equity holder is RMB2,000,000.

During the year ended 31 December 2010, Jie Chen Catering was deregistered by Wuhan Lido Property Management and the Group recognised a decrease in non-controlling interest of RMB150,000.

During the year ended 31 December 2010, Wuhan Optics Valley Union acquired the non-controlling interests in OV Financial Harbour Development at a cash consideration of RMB192,286,000. The Group recognised a decrease in non-controlling interest of RMB149,677,000 and a decrease in other reserve of RMB42,609,000.

During the year ended 31 December 2010, Wuhan United Real Estate, the Controlling Shareholder and other non-controlling equity holders injected capital in cash amounting to RMB81,257,000 in aggregate to Wuhan Optics Valley Union, to subscribe for 28,214,000 shares issued by Wuhan Optics Valley Union with par value of RMB1 each. This resulted in increases in non-controlling interests amounting to RMB41,184,000 and other reserve amounting to RMB8,497,000.

(ii) During the year ended 31 December 2011, the paid-up capital of OV Energy Conservation Technology increased by RMB28,800,000, out of which RMB4,800,000 is capital injection from the non-controlling equity holders.

During the year ended 31 December 2011, Wuhan Optics Valley Union acquired the non-controlling interests in Wuhan Qianbao Media at a cash consideration of RMB60,000 which led to the decrease in non-controlling interest amounting to RMB43,000.

During the year ended 31 December 2011, Wuhan United Real Estate acquired a 2.542% equity interest in Wuhan Optics Valley Union from non-controlling equity holder at a total consideration of RMB34,591,000, which led to the decrease in non-controlling interest amounting to RMB22,374,000.

During the year ended 31 December 2011, Wuhan Optics Valley Union disposed of its 81.03% equity interest in Wuhan Kernel Bio-Tech to an independent third party resulting in a reduction in non-controlling interests by RMB12,803,000.

During the year ended 31 December 2011, Wuhan Optics Valley Union further acquired a 2% equity interest in Wuhan Xuefu from a non-controlling equity holder at a cash consideration of RMB4,448,000. Accordingly, the Group's effective interest in Wuhan Xuefu has increased to 51% and Wuhan Xuefu became a subsidiary of the Group, with resulting non-controlling interests of RMB98,959,000.

During the year ended 31 December 2011, a 0.052% equity interest of Wuhan Optics Valley Union held by Mr. Huang Liping was sold to a management personnel at a consideration of RMB114,000, which led to the decrease of capital amounting to RMB100,000 and an increase in non-controlling interest of RMB417,000.

(iii) During the year ended 31 December 2012, Wuhan Optics Valley Union made capital injection to acquire 50%, 70% and 70% equity interests of Optics Valley Software Park, Energy Conservation Technology Park and Wuhan Financial Harbour Development respectively, which led to increases in non-controlling interests of RMB41,500,000, RMB60,015,000 and RMB60,016,000 respectively.

During the year ended 31 December 2012, Wuhan Optics Valley Union established a 70% owned subsidiary Hubei Technology Enterprise Accelerator together with an independent third party, which held the remaining 30% equity interests. As at 30 September 2012 and 31 December 2012, the paid-up capital of Hubei Technology Enterprise Accelerator amounted to RMB100,000,000 and RMB100,000,000 respectively, and the corresponding capital contribution from the non-controlling equity holder was RMB30,000,000 and RMB30,000,000 respectively. Non-controlling equity holder of OV Energy Conservation Technology has subsequently made further capital injection of RMB3,200,000.

During the year ended 31 December 2012, HK 3A acquired a 55% equity interest in Wuhan United Real Estate from companies controlled by the Controlling Shareholder at a total consideration of RMB30,585,000. Further, Wuhan United Real Estate acquired a 3.906% and a 3.055% equity interest in Wuhan Optics Valley Union from a company controlled by the Controlling Shareholder and certain non-controlling equity holders at a total consideration of RMB52,500,000. Such transactions led to the decrease in non-controlling interests amounting to RMB128,293,000. Consideration attributable to the Controlling Shareholder of RMB32,144,000 was deemed as distribution to the Controlling Shareholder.

Pursuant to the Reorganisation, during the year ended 31 December 2012, certain non-controlling equity holders who transferred their respective equity interests in Wuhan Optics Valley Union at a price based on their initial acquisition cost became the beneficial shareholders of the Company by means of a trust upon completion of the Reorganisation. As a result, the non-controlling interest decreased by RMB62,546,000 according to the Reorganisation.

(iv) During the period ended 30 September 2013, Wuhan United Real Estate acquired a 0.417% equity interest from one non-controlling equity holder at a consideration of RMB5,760,000, which led to the decrease in non-controlling interests amounting to RMB5,105,000.

Pursuant to the Reorganisation, during the period ended 30 September 2013, other minority shareholders transferred their equity interests in Wuhan Optics Valley Union at a consideration based on their initial acquisition cost and became the shareholders of the Company by means of an trust. As a result, non-controlling interest decreased by RMB51,036,000.

On 13 August 2013, Hengxin PTC allotted and issued, credited as fully paid, one share to Mr. Huang Liping. Pursuant to a trust deed dated 13 September 2013, a trust was established on 13 September 2013 with Henxing PTC as trustee. On the same day, the company issued and allotted 10,679 shares to Henxing PTC.

On 22 August 2013, Wuhan United Real Estate acquired a 16% equity interest from one non-controlling equity holder at a consideration of RMB215,000,000, which led to the decrease in non-controlling interest amounting to RMB212,732,000.

Subsequently, HK 3A allotted and issued ordinary shares to one non-controlling equity holder on 30 August 2013 with a consideration of RMB215,000,000 (equivalent to HK$272,190,000). As a result, the non-controlling equity holder acquired 16% interest in HK 3A.

On 13 September 2013, the Company allotted and issued 15,997 shares to the non-controlling equity holder in exchange for its 16% interest in HK 3A.

During the period ended 30 September 2013, Wuhan Optics Valley Union acquired the remaining 50% equity interests of Optics Valley Software Park from Hubei Science & Technology Investment at a consideration of RMB35,054,000 which led to the decrease in non-controlling interests amounting to RMB52,710,000. Wuhan Optics Valley Union also acquired 5% equity interests of OV Energy Conservation Technology at a consideration of RMB2,720,000 which led to the decrease in non-controlling interest amounting to RMB2,000,000.

During the period ended 30 September 2013, Wuhan Optics Valley Union established a 80% owned subsidiary Hefei Optics Valley Union together with an independent third party, which held the remaining 20% equity interest. The paid-up capital of Hefei Optics Valley Union was RMB20,000,000 as at 30 September 2013, and the capital contribution from the non-controlling equity holder is RMB4,000,000.

(v) On 15 July 2013, the company was in corporate in Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$380,000 divided into 3,800,000 shares with a par value of HK$0.1 each. On 15 September 2013, the share capital are to be paid up at HK$10,000 of 100,000 shares.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

(f) Dividends

Dividends disclosed for the years ended 31 December 2010, 2011 and 2012 and the period ended 30 September 2013 represent dividends declared or proposed by the relevant subsidiaries now comprising the Group out of their retained earnings to the then equity holders of the respective companies, after eliminating intra-group dividends.

34 Financial risk management and fair value

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by he Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Except for the financial guarantees given by the Group as set out in Note 35, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 36.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 26.

(b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

Details of maturity analysis for financial liabilities are disclosed in Notes 29 and 30.

Year ended 31 December 2010

	Carrying amount *RMB'000*	**Contractual cash flow** *RMB'000*	**Within 1 year** *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*
Loan and borrowings	368,992	412,701	100,224	106,422	206,055	–
Amounts due to related parties	67,907	67,907	67,907	–	–	–
Amounts due to non-controlling equity holders	454,962	454,962	454,962	–	–	–
Trade and other payables (excluded receipt in advance)	442,339	442,339	364,136	78,203	–	–
At 31 December 2010	1,334,200	1,377,909	987,229	184,625	206,055	–

Year ended 31 December 2011

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	618,111	665,259	151,728	283,371	230,160	–
Amounts due to related parties	23,675	23,675	23,675	–	–	–
Amounts due to non-controlling equity holders	412,687	412,687	412,687	–	–	–
Trade and other payables (excluded receipt in advance)	838,118	838,118	775,689	62,429	–	–
At 31 December 2011	1,892,591	1,939,739	1,363,779	345,800	230,160	–

Year ended 31 December 2012

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	1,209,165	1,520,020	376,191	235,454	379,441	528,934
Amounts due to related parties	102,325	102,325	102,325	–	–	–
Amounts due to non-controlling equity holders	491,212	491,212	491,212	–	–	–
Trade and other payables (excluded receipt in advance)	948,336	948,336	707,969	240,367	–	–
At 31 December 2012	2,751,038	3,061,893	1,677,697	475,821	379,441	528,934

Period ended 30 September 2013

	Carrying amount *RMB'000*	Contractual cash flow *RMB'000*	Within 1 year *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*
Loans and borrowings	2,118,330	2,377,776	882,184	554,834	430,715	510,043
Amounts due to related parties	202,348	202,348	202,348	–	–	–
Amounts due to non-controlling equity holders	320,750	320,750	320,750	–	–	–
Trade and other payables (excluded receipt in advance)	1,151,298	1,151,298	1,104,159	47,139	–	–
At 30 September 2013	3,792,726	4,052,172	2,509,441	601,973	430,715	510,043

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans and other borrowings of the Group are disclosed in Note 30 to the Financial Information. The Group does not carry out any hedging activities to manage its interest rate exposure.

	31 December 2010		31 December 2011		31 December 2012		30 September 2013	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Net fixed rate borrowings:								
Loans and borrowings	5.31%	20,000	6.50%	140,000	5.68%	42,000	7.33%	750,500
Variable rate borrowings:								
Loans and borrowings	5.4%-7.04%	348,992	5.4%-7.04%	478,111	5.4%-8.32%	1,167,165	5.4%-8.32%	1,367,830
Loans from non-controlling equity holders	6.14%-6.40%	433,904	6.60%-7.05%	401,491	6.55%-7.05%	296,714	7.21%-7.56%	253,566
Total net borrowings		802,896		1,019,602		1,505,879		2,371,896
Net fixed rate borrowings as a percentage of total net borrowings		2.50%		13.73%		2.79%		31.64%

Sensitivity analysis

At 30 September 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,936,000, RMB3,299,000, RMB5,490,000 and RMB6,080,000 for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such a change in interest rates. The analysis is performed on the same basis for 2010 to 2013.

(d) Currency risk

Almost all the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. Exposures to currency exchange rates arise from certain of the Group's cash and cash equivalents, trade and other receivables and trade and other payables which are denominated in HK$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure to its foreign exchange risk.

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	2,043	1,459	696	552
Trade and other receivables	44	42	42	41
Trade and other payables	(39,558)	(37,723)	(72,668)	(122,094)
Net exposure arising from recognised assets and liabilities	(37,471)	(36,222)	(71,930)	(121,501)

Sensitivity analysis

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the balance sheets dates, assuming 5% shift of RMB against HK$.

Results from a 5% strengthening of the RMB against HK$ on the profit after tax and retained profits as at 31 December 2010, 2011 and 2012 and 30 September 2013 are RMB1,405,000, RMB1,358,000, RMB2,660,000 and RMB4,556,000. A 5% weakening of the RMB against HK$ as at the same dates would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Fair value

(i) Assets measured at fair value

All investment properties of the Group were revalued as at 31 December 2010, 2011 and 2012 and 30 September 2013 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

Fair value hierarchy

The table below analyses recurring investment properties carried at fair value. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: unobservable inputs or for the asset or liability.

	Level 1	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*
At 30 September 2013			
Investment properties	–	–	299,190
At 31 December 2012			
Investment properties	–	–	299,800
At 31 December 2011			
Investment properties	–	–	291,200
At 31 December 2010			
Investment properties	–	–	247,200

During the Relevant Period, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers out of level 3 as of the date of the event or change in circumstances that caused the transfer.

The table in note 15 shows a reconciliation from the beginning balances to the ending balances for level 3 fair value measurements.

The following table shows the valuation techniques used in the determination of fair values within level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models.

	Valuation technique	Significant unobservable inputs	Range
At 30 September 2013			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	16.4-84.4
		Capitalisation rate	4%-7%
At 31 December 2012			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	15.8-80.3
		Capitalisation rate	4%-7%
At 31 December 2011			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	15.8-80.3
		Capitalisation rate	4%-7%
At 31 December 2010			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	15.5-79.0
		Capitalisation rate	4%-7%

The fair value of investment properties are determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate. As at 30 September 2013, it is estimated that with all other variables held constant, an increase/decrease in market monthly rental rate by 5% would have increased/decreased in Group's profit by RMB13,609,000 (31 December 2012: RMB13,094,000; 31 December 2011: RMB12,305,000; 31 December 2010: RMB11,732,000). The fair value measurement is also negatively correlated to capitalisation rate. As at 30 September 2013, it is estimated that with all other variables held constant, a decrease/increase in capitalization rate by 0.5% would have increased/ decreased the Group's profit by RMB19,190,000 (31 December 2012: RMB19,100,000; 31 December 2011: RMB18,800,000; 31 December 2010: RMB18,600,000).

The Group has a team headed by the finance manager performing valuations of investment properties (included assets held for sale) (by reference to the valuation done by Savills Valuation). The team reports directly to the general manager of finance department. An analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the general manager of finance department. Discussion of valuation process and results with the finance director is held twice a year, to coincide with the reporting dates.

(ii) Securities

Fair value for the trading securities is based on quoted market prices at the end of the reporting period without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

(iii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at the interest rate based on the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Except for the trading securities (see Note 20), the carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2010, 2011 and 2012 and 30 September 2013.

35 Commitments

(a) Operating lease commitment

– *Lessor*

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 12 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in Note 15.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,539	14,215	12,511	17,160
After 1 year but within 5 years	48,946	40,505	31,286	30,944
After 5 years	20,717	14,943	10,268	4,929
	83,202	69,663	54,065	53,033

– *Lessee*

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	574	2,027	2,911	2,632
After 1 year but within 5 years	790	3,764	2,713	2,336
	1,364	5,791	5,624	4,968

(b) Commitments related to development expenditure

As at 31 December 2010, 2011 and 2012 and 30 September 2013, commitments outstanding not provided for in financial information are as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for *(Note)*	925,892	1,117,900	2,452,296	2,257,295

Note: Certain commitments amounting to RMB250 million relating to a property development project undertaken by the Group are included as part of the commitments as at 30 September 2013 as the corresponding land parcel was not yet delivered and land use right certificate has yet be obtained at such reporting date. The directors consider that such commitments are due for settlement at the eighth year after the construction commencement date of the corresponding project.

36 Contingent liabilities

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtaining the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of the reporting period is as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	207,553	236,250	453,376	295,425

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

37 Material related party transactions

In addition to the related party information disclosed elsewhere in this Financial Information, the Group entered into the following significant related party transactions during the Relevant Period.

(a) Name of and relationship with related parties

During the Relevant Period, transactions with the following parties are considered as related party transactions:

Name of party	Relationship with the group
Mr. Huang Liping	The Controlling Shareholder
Mrs. Xie Xiaoyun	Spouse of the Controlling Shareholder
Wuhan Qianbao Property Co., Ltd. ("Wuhan Qianbao Property")	Entity controlled by the Controlling shareholder
Wuhan Lido Investment Co., Ltd. ("Wuhan Lido Investment")	Entity controlled by the Controlling shareholder
Wuhan Xuefu	Associate (2010)
Wuhan Mason	Joint venture

(b) Key management personnel remuneration:

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 10 and certain of the highest paid employees as disclosed in Note 11, is as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries and other benefits	10,546	18,462	18,838	12,986	13,231
Retirement scheme contributions	115	202	230	173	173
	10,661	18,664	19,068	13,159	13,404

The above remuneration to key management personnel is included in "staff costs" (Note 8(b)).

(c) Transactions with related parties

(i) Sales of goods and services

The Group had sold certain properties to the Controlling Shareholder in accordance with the terms of the underlying contracts. The details of such sales transactions recognised in the consolidated statement of comprehensive income are as follows:

	Years ended 31 December			**Nine months ended 30 September**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales proceeds in accordance with underlying contracts	–	–	2,276	–	–
Cost of sales	–	–	(1,270)	–	–

(ii) Other related party transactions

	Years ended 31 December			**Nine months ended 30 September**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of Materials *(Note (i))*	–	–	1,115	637	478
Business operation service *(Note (ii))*	531	344	459	–	291
Construction contract revenue *(Note (iii))*	114	267	2,257	2,168	960
Development management service *(Note (iv))*	4,500	7,016	15,826	7,547	2,591
Rental income	174	–	–	–	–
Guarantee from the controlling shareholder *(Note (v))*	–	–	330,000	330,000	330,000
Sales of other non-current assets *(Note (vi))*	–	–	47,304	22,763	–
Acquisition of equity interest in Wuhan Mason *(Note (vii))*	25,800	–	–	–	–
Trade mark usage *(Note (viii))*	–	–	–	–	5

Notes:

(i) During the year ended 31 December 2012, Wuhan Optics Valley Union sold certain construction materials to Wuhan Mason.

(ii) Wuhan Lido Property Management provided property management services to Wuhan Xuefu and Wuhan Mason.

(iii) Wuhan Lido Technology provided construction service to Wuhan Mason.

(iv) Wuhan Optics Valley Union provided construction management service to Wuhan Mason.

(v) On 26 April 2012, Mr. Huang Liping and his spouse provided guarantee to Wuhan Optics Valley Union for its bank loans of RMB330,000,000. The Group has not recognised any deferred expense in respect of the financial guarantee provided by the controlling shareholder and his spouse as its fair value cannot be reliably measured using observable market data and its transaction price was nil.

(vi) During the year ended 31 December 2012, Wuhan United Real Estate sold certain artwork and antiques to Wuhan Qianbao Property and Wuhan Lido Investment.

(vii) On 31 March 2010, the Group acquired a 12% equity interest in Wuhan Mason from Wuhan Qianbao Property at a cash consideration of RMB25,800,000.

(viii) On 30 April 2013, Wuhan Qianbao Media and Wuhan Qianbao Property entered into a trade mark license agreement whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media for a consideration of RMB1,000 to use a trademark until 31 December 2015.

(d) Balances with related parties

Balances with related parties were mainly resulting from the funding arrangements between these parties. Balances at 31 December 2010, 2011 and 2012 and 30 September 2013, and major terms of these balances are disclosed in Notes 37(d).

The directors consider that all related party transactions during the Relevant Period were conducted on normal commercial terms and in the ordinary and usual course of the Group's business. The directors confirmed that the above non-recurring transactions will not continue after listing of the Company's shares on the Hong Kong Stock Exchange.

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from related parties				
Trade Related:				
Wuhan Mason	–	193	146	913
Wuhan Xuefu	1,197	–	–	–
Not-Trade Related:				
Wuhan Qianbao Property	11,600	11,600	–	–
Wuhan Xuefu	65	–	–	–
Wuhan Mason	–	100	–	–
Huang Liping	4,687	1,721	1,721	1,983
Amount due from other equity holders	3,794	6,685	3,451	369
	21,343	20,299	5,318	3,265

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to related parties				
Not-Trade Related:				
Other Payables to				
Wuhan Qianbao Property	7,164	6,164	–	–
Wuhan Xuefu	49,463	–	–	–
Wuhan Mason	–	–	–	101,924
Huang Liping	11,127	13,213	28,962	28,306
Others	153	548	282	–
Dividend payable to:				
Wuhan Qianbao Property	–	3,750	25,000	25,000
Wuhan Lido Investment	–	–	4,500	4,500
Huang Liping	–	–	43,581	42,618
	67,907	23,675	102,325	202,348

The amounts due from/to related parties as at 31 December 2010, 2011 and 2012 and September 2013 were expected to be recovered/repaid within one year.

38 Accounting estimates and judgements

Estimates and judgements used in preparing the Consolidated Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 35 contain information about the assumptions and their risk factors relating to the fair value of financial instruments. Key sources of estimation uncertainty are as follows:

(a) Write-down of inventories for property development

As explained in Note 1(m), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(b) Construction contracts

As explained in policy Notes 1(o) and 1(s)(iv), revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached, the amounts due from customers for contract work as disclosed in Note 25 will not include profit which the Group may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the Directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(d) Provision for PRC Land Appreciation Tax ("LAT")

As explained in Note 9(b), the Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

(e) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

When the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(f) Valuation of investment properties

As described in Note 15, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

(g) Fair value of non-derivative financial instruments

Fair value of non-derivative financial instruments carried at amortised costs, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

39 Parent and ultimate controlling party

At 30 September 2013, the directors consider the ultimate controlling party of the Group to be AAA Finance and Investment Holdings Limited, which is incorporated in the BVI with limited liability and beneficially owned by the Controlling Shareholder.

40 Possible impact of new standards, amendments to standards and interpretation issued but not yet effective for the period ended 30 September 2013:

Up to the date of this report, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the accounting year/period beginning on 1 January 2013, and have not been applied in preparing this Financial Information.

Of these developments, the following relate to matter that may be relevant to the Group's operations and the Financial Information:

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

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

41 Information of statutory financial statements of the subsidiaries

The statutory financial statements of the following companies now comprising the Group for each of the three years ended 31 December 2010, 2011 and 2012, or since their respective dates of acquisition/establishment, where this is a shorter period, were prepared in accordance with either HKFRSs issued by the HKICPA or the relevant accounting rules and regulations applicable to enterprises in the PRC and were audited during the Relevant Period by the respective statutory auditors as indicated below:

Name of company	Financial period	Statutory auditors
AAA Finance & Investment Limited 三A銀信投資有限公司	Years ended 31 December 2010, 2011 and 2012	Union Alpha C.P.A. Limited 才匯會計師事務所有限公司
United Real Estate (Wuhan) Co., Ltd. 聯合置業 (武漢) 有限公司	Years ended 31 December 2010, 2011 and 2012	Wuhan Wanli Accountant Service Co., Ltd 武漢市萬里會計師事務所有限公司
Wuhan Optics Valley Union Group Company Limited 武漢光谷聯合集團有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Financial Harbour Development Co., Ltd. 武漢光谷金融港發展有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Huangshi Optics Valley Union Development Co., Ltd. 黃石光谷聯合發展有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Qingdao Optics Valley Union Development Co., Ltd. 青島光谷聯合發展有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Xuefu Property Co., Ltd. 武漢學府房地產有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司

Name of company	Financial period	Statutory auditors
Hubei Huisheng Technology Development Co., Ltd. 湖北匯盛科技發展有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Minghong Technology Development Co., Ltd. 武漢鳴鴻科技發展有限公司	Year ended 31 December 2010	Hubei Anhua Account Business Co., Ltd. 湖北安華會計師事務所有限公司
	Year ended 31 December 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Union Architectural Design Institute Co., Ltd. 武漢光谷聯合建築設計研究院有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Lido Technology Co., Ltd. 武漢麗島科技有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Lido Curtain Wall Manufacture Co., Ltd. 武漢麗島幕牆製造有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Jitian Construction Co., Ltd. 武漢吉天建設工程有限公司	Year ended 31 December 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Energy Conservation Technology Co., Ltd. 武漢光谷節能技術有限公司	Years ended 31 December 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司

Name of company	Financial period	Statutory auditors
Wuhan Lido Property Management Co., Ltd. 武漢麗島物業管理有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Quanpai Catering Management Co., Ltd. 武漢全派餐飲管理有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Qianbao Media Co., Ltd. 武漢市千寶廣告傳播有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Union Real Estate Agency Co., Ltd. 武漢光谷聯合不動產營銷代理有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Kernel Bio-Tech Co., Ltd. 武漢科諾生物科技股份有限公司	Years ended 31 December 2010 and 2011	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司

Note: The English translation of the above entities is for reference only. The official names of these companies are in Chinese.

C SUBSEQUENT EVENTS

1 Approval for issue of corporate bonds

On 9 September 2013, Wuhan Optics Valley Union obtained an approval from the relevant governmental authority to issue corporate bond amounting RMB600 million with fixed interest rate and a term of six years. The approved coupon interest rate is below 2.95% per annum. In addition, on 17 September 2013, Wuhan Optics Valley Union obtained an approval from an authorised institution to issue short-term corporate bonds amounting RMB400 million.

On 23 October 2013, the Group issued the corporate bond of RMB600 million. The bond completed offering on 28 October 2013. On 14 November 2013, the Group issued the first batch of the short-term corporate bonds of RMB70 million.

2 Capitalisation issue

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

D FINANCIAL INFORMATION OF THE COMPANY

On 15 July 2013, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 3,800,000 shares with a par value of HK$0.1 each. On 29 August 2013, the Company acquired all the issued share capital in BVI 3A from Mr. Huang Liping.

Company statements of financial position

	Note	**At 30 September 2013** *RMB'000*
Non-current assets		
Interest in subsidiaries	*(a)*	215,825
		215,825
Current assets		
Amount due from a subsidiary	*(b)*	49,814
Cash and cash equivalents		2
		49,816
Total assets less current liabilities		265,641
NET ASSETS		265,641
CAPITAL AND RESERVES		
Share capital	*(c)*	8
Reserves	*(c)*	265,633
		265,641

(a) As disclosed in note 33(d)(iv) in Section B, the Company allotted and issued 15,997 shares to a non-controlling equity holder to acquire its interest in HK 3A.

(b) The amounts due to a subsidiary, is unsecured, interest free and repayable on demand.

(c) Capital and reserves

Details of the changes in the company's individual components of equity between the beginning and the end of the period are set out below:

	Share capital *RMB'000*	Other reserves *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 15 July 2013	8	–	–	8
Profit for the period	–	–	50,480	50,480
Dividend declared during the period	–	–	(50,479)	(50,479)
Acquisition of equity interests from controlling equity holders	–	265,632	–	265,632
At 30 September 2013	8	265,632	1	265,641

(d) Profits attributable to owners of the Company

The profits attributable to owners of the Company, which was incorporated on 15 July 2013, for the nine months ended 30 September 2013, is dealt with in the Financial Information of the Group to the extent of RMB1,000.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 September 2013.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountants' Report of the Group" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS PER SHARE

The following unaudited pro forma adjusted consolidated net tangible assets per share prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustration purpose only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group as of September 30, 2013, as if it had taken place on such date.

The unaudited pro forma adjusted 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 consolidated net tangible assets of the Group attributable to the owners of the Company following the Global Offering. It is prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as of September 30, 2013 as shown in the "Accountants' Report" as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report of the Group.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of September 30, 2013(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company(3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share(3)(4)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on the Offer Price of HK$1.09 for each Share	1,217,342	787,781	2,005,123	0.50	0.63
Based on the Offer Price of HK$0.83 for each Share	1,217,342	589,570	1,806,912	0.45	0.57

Notes:

1. The consolidated net tangible assets attributable to the equity shareholders of our Company as of September 30, 2013 is extracted from the "Accountants' Report" as set out in Appendix I to this prospectus, which is based on the consolidated net assets of our Group attributable to equity shareholders of our Company as of September 30, 2013 of RMB1,221.80 million after deduction of intangible assets of RMB4.46 million.

2. The estimated net proceeds from the Global Offering are based on the Offer Price of HK$1.09 or HK$0.83, being the high or low end of the indicative offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by the Group and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate of HK$1.0000 to RMB0.7900.

3. The unaudited pro forma adjusted net tangible assets per Share are arrived at after the adjustments referred to above and on the basis that 4,000,000,000 Shares were in issue assuming that the Global Offering was completed on September 30, 2013 but take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share are converted to Hong Kong dollars at the exchange rate of HK$1.0000 to RMB0.7900.

4. As of December 31, 2013, our properties under development and completed properties held for sale were valued by Savills Valuation, an independent valuer. We do not incorporate the revaluation surplus, representing the excess of market value of these property interests over their book value, in our consolidated financial information because our properties under development and completed properties held for sale are stated at the lower of cost and net realizable value for accounting purpose. The above adjustments do not take into account such revaluation surplus.

5. No adjustments has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2013.

B. REPORT FROM THE REPORTING ACCOUNTANTS ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of report, prepared for the purpose of incorporation in this prospectus, received from our reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in connection with the unaudited pro forma financial information of the Group.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF OPTICS VALLEY UNION HOLDING CO., LTD

We have completed our assurance engagement to report on the compilation of pro forma financial information of Optics Valley Union Holding Co., Ltd (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at September 30, 2013 and related notes as set out in Part A of Appendix II to the prospectus dated 18 March 2014 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at September 30, 2013 as if the Global Offering had taken place at September 30, 2013. As part of this process, information about the Group's financial position as at September 30, 2013 has been extracted by the Directors from the Group's historical financial statements included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Hong Kong Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Hong Kong Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at September 30, 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Hong Kong Listing Rules.

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

18 March 2014

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

CONSOLIDATED INCOME STATEMENTS

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

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

NOTES TO 2013 PRELIMINARY FINANCIAL INFORMATION

1 Basis of preparation

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

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

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

2 Impact of issued but not yet effective IFRSs

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

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

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

3 Segment reporting

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

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

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

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

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

For the year ended 31 December 2013 (unaudited)

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

For the year ended 31 December 2012

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

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

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

4 Turnover

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

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

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

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

5 Other income and other expenses

Other income

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

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

Other expenses

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

6 Profit before taxation

(a) Finance income/(costs)

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

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

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

(b) Other items

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

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

7 Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

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

8 Basic earnings per share

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

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

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

9 Trade and other receivables

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

Notes:

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

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

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

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

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

(a) Ageing analysis

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

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

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

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

10 Trade and other payables

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

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

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

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

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

11 Corporate bonds payable

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

Notes:

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

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

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

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

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

12 Dividends

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

13 Subsequent event

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

BUSINESS REVIEW

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

Property Development

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

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

Construction Contract

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

Business Operation Services

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

Development Management Services

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

Property Leasing

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

PROSPECT FOR 2014

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

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

FINANCIAL REVIEW

Turnover

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

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

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

Property Development

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

Construction Contract

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

Business Operation Services

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

Development Management Services

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

Property Leasing

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

Cost of Sales

Overview

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

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

Cost of Properties Sold

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

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Selling and Distribution Expenses

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

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

Administrative Expenses

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

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

Other Expenses

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

Increase in Fair Value of Investment Properties

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

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

Finance Income

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

Finance Costs

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

Share of Profit/(Losses) of Associates

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

Share of Profit/(Losses) of Joint Ventures

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

Income Tax

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

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

Profit for the Year

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

FINANCIAL AND LIQUIDITY POSITION

Property under Development

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

Completed Properties Held for Sale

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

Trade and Other Receivables

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

Trade and Other Payables

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

Key Financial Ratios

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

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

Indebtedness

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

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

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

Contingent Liabilities

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

Net Current Assets

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

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

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

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

Capital Expenditure and Capital Commitment

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

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

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

MARKET RISKS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

REVIEW OF OUR UNAUDITED PRELIMINARY FINANCIAL INFORMATION

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

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

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

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the properties of the Group as at December 31, 2013.

savills
第一太平戴維斯

The Directors
Optics Valley Union Holding Company Limited
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Optical Valley Software Park
Donghu New Technology Development Zone
Wuhan
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EA Licence: C-023750
savills.com

March 18, 2014

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which Optics Valley Union Holding Company Limited (hereinafter referred to as the "Company"), its subsidiaries and joint-ventured companies (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at December 31, 2013 (the "date of valuation") for incorporation in a Public Offering Document.

BASIS OF VALUATION

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

For the properties owned by the subsidiaries of the Company in which the Group has an attributable interest of less that 100%, the Group's interest in the aggregate market value of the properties is equal to its proportionate attributable interest in such properties.

PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

In valuing the properties in Group I, which are held by the Group mainly for owner-occupation or for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

In valuing the properties in Groups II and III, which are held by the Group under development and for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments.

In valuing the properties in Group IV, which are held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the properties on the basis of capitalization of net incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing the properties in Group V, which are intended to be acquired by the Group in the PRC, but for which the Group has not yet obtained the Land Use Rights Certificates, we have ascribed no commercial values to the properties.

In valuing the properties in Group VI, which are leased by the Group in the PRC, we have assigned no commercial values to the properties, due to either to the short-term nature of the leases or the prohibition against assignments or sub-letting or otherwise due to lack of substantial profit rents.

TITLE INVESTIGATION

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal advisors on PRC laws, Jingtian & Gongcheng, on the titles to the properties.

VALUATION CONSIDERATION AND ASSUMPTIONS

We have also accepted information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, site and floor areas, transaction records, sale prices, sales and purchases agreements and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

The site inspection was carried out in April 2013 by Mr. James Woo (Director) and various valuation assistants. Mr. James Woo is a member of The Royal Institution of Chartered Surveyors.

REMARKS

Unless otherwise stated, all money amounts stated in our report are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Anthony C K Lau is a qualified estate surveyor and has over 21 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
Group I – Properties held by the Group mainly for owner-occupation or for sale in the PRC				
1.	Portion of Phases I to VI of Optics Valley Software Park (光谷軟件園), East of Guanshan Avenue and South of Nanhu South Road, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	867,500,000	100%	867,500,000
2.	Portion of Phases I and II of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	362,200,000	100%	362,200,000
3.	Portion of Romantic Town (麗島漫城), No. 46 Guanggu Boulevard, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	19,400,000	51%	9,894,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
4.	Portion of Phase I of Lido Mansion (麗島美生), No. 318 Minzu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	125,300,000	50%	62,650,000
5.	Portion of Phases I and II of Wuhan Innocenter (武漢研創中心) (the portion held by Hubei Huisheng), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	442,000,000	100%	442,000,000
6.	Portion of Phase I of Wuhan Innocenter (武漢研創中心) (the portion held by Wuhan Minghong), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	232,900,000	100%	232,900,000
7.	Levels 3, 4 and 5, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Property Management), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	7,400,000	100%	7,400,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
8.	Levels 1 to 4, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Technology), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	12,100,000	100%	12,100,000
9.	Portion of Lido Garden (麗島花園) (the portion held by Wuhan Lido United Real Estate), No. 497 Luoshi Road, Luonan Street, Hongshan District, Wuhan, Hubei Province, PRC	9,300,000	100%	9,300,000
10.	Portion of Lido Garden (麗島花園) (the portion held by Wuhan Lido Property Management), No. 497 Luoshi Road, Luonan Street, Hongshan District, Wuhan, Hubei Province, PRC	10,300,000	100%	10,300,000
11.	Portion of Lido Top View (麗島半山華府), No. 76 Hangzhou West Road, Huangshi Economic Development Zone, Huangshi, Hubei Province, PRC	12,000,000	100%	12,000,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
12.	Portion of Phase I of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	128,500,000	80%	102,800,000
13.	Portion of Phase I of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	560,900,000	100%	560,900,000
	Group I Sub-total:	2,789,800,000		2,691,944,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
Group II – Properties held by the Group under development in the PRC				
14.	Portion of Phase II of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	712,800,000	100%	712,800,000
15.	Phase II of Lido Mason (麗島美生), No. 318 Minzu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	290,900,000	50%	145,450,000
16.	Phase I of Creative Capital (創意天地), Mahu Village, Hongshan District, Wuhan, Hubei Province, PRC	1,329,900,000	100%	1,329,900,000
17.	Lido 2046 (麗島2046), Xiongchu Avenue and Dingziqiao Road, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	617,500,000	100%	617,500,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
18.	Phase I of Huangshi OVU Science and Technology City (黄石光谷聯合科技城), Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province, PRC	357,400,000	100%	357,400,000
19.	Portion of Phase I of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	62,100,000	80%	49,680,000
20.	Portion of Phase I of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	352,400,000	100%	352,400,000
	Group II Sub-total:	3,723,000,000		3,565,130,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
	Group III – Properties held by the Group for future development in the PRC			
21.	Phases III and IV of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	2,000,300,000	70%	1,400,210,000
22.	Energy Conservation Technology Park (節能科技園), Liufang Industrial Park, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	2,388,300,000	70%	1,671,810,000
23.	Portion of Phase III of Wuhan Innocenter (武漢研創中心) (the portion held by Hubei Huisheng), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	121,800,000	100%	121,800,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
24.	Portion of Phase III of Wuhan Innocenter (武漢研創中心) (the portion held by Wuhan Minghong), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	180,300,000	100%	180,300,000
25.	Portion of Phase I of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	182,200,000	80%	145,760,000
26.	Portion of Phase I of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	444,100,000	100%	444,100,000
27.	Qingdao Innocenter (青島研創中心), West of Jiangshan South Road and South of Qiantangjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	140,400,000	100%	140,400,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
28.	Phase I of Qingdao Marine & Science Park (青島海洋科技園), East of Emeishan and North of Zhujiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	282,700,000	100%	282,700,000
29.	Phase I of Shenyang Financial Harbour (瀋陽金融港), Cailuo Street, New Shenbei District, Shenyang, Liaoning Province, PRC	575,400,000	100%	575,400,000
30.	Hefei Financial Harbour (合肥金融港), South of Nanjing Road and West of Huizhou Avenue, Hefei Binhu New District, Hefei, Anhui Province, PRC	477,500,000	92%	439,300,000
	Group III Sub-total:	6,793,000,000		5,401,780,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
	Group IV – Properties held by the Group for investment in the PRC			
31.	Portion of Phases I to IV of Optics Valley Software Park (光谷軟件園), East of Guanshan Avenue and South of Nanhu South Road, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	61,900,000	100%	61,900,000
32.	Portion of Phase I of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	26,900,000	100%	26,900,000
33.	Unit 202, Romantic Town (麗島漫城), No. 46 Guanggu Boulevard, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	3,500,000	51%	1,785,000
34.	Levels 1 to 3, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Property Management), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	13,200,000	100%	13,200,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
35.	Levels 2 to 3, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Technology), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	9,900,000	100%	9,900,000
36.	Portion of Lido Garden (麗島花園) (the portion held by Wuhan United Real Estate), No. 497 Luoshi Road, Luonan Street, Hongshan District, Wuhan, Hubei Province, PRC	35,300,000	100%	35,300,000
37.	Portion of Lido Top View (麗島半山華府), No. 76 Hangzhou West Road, Huangshi Economic Development Zone, Huangshi, Hubei Province, PRC	147,500,000	100%	147,500,000
	Group IV Sub-total:	298,200,000		296,485,000

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
Group V – Properties intended to be acquired by the Group in the PRC				
38.	Phase II of Creative Capital (創意天地), Mahu Village, Hongshan District, Wuhan, Hubei Province, PRC			No commercial value
39.	Phases II and III of Huangshi OVU Science and Technology City (黃石光谷聯合科技城), Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province, PRC			No commercial value
40.	Phases II and III of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC			No commercial value
41.	Phase II of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC			No commercial value

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
42.	Phase III of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC			No commercial value
43.	Phase II of Qingdao Marine & Science Park (青島海洋科技園), East of Emeishan Road and North of Zhujiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC			No commercial value
44.	Phase II of Shenyang Financial Harbour (瀋陽金融港), Cailuo Street, New Shenbei District, Shenyang, Liaoning Province, PRC			No commercial value
	Group V Sub-total:			Nil

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
	Group VI – Properties leased by the Group in the PRC			
45.	Level 10, Building No. A4, Phase 1, Service Center of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC			No commercial value
46.	Portion of Level 9, Building No. A4, Phase 1, Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC			No commercial value
47.	Portion of Level 9, Building No. A4, Phase 1, Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC			No commercial value

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
48.	Unit 202, Building No. A3, Phase 1.1, Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC			No commercial value
49	Room 501, Unit 3, Building No.3, Changjiangwei Shanghuapo Residential Zone (長江委上滑坡小區), No.18 Gongnongbing Road, Jingan District, Wuhan, Hubei Province, PRC			No commercial value
50.	Workshop No. 1, North of an industrial complex located in Green World Group Industrial Zone (綠世界集團園區), Guannan Industrial Zone (關南工業園), Hongshan District, Wuhan, Hubei Province, PRC			No commercial value

No.	Property	Market value in existing state as at December 31, 2013 *(RMB)*	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2013 *(RMB)*
51.	Units 1804 and 1805, Northeast Media and Culture Plaza (東北傳媒文化廣場), No. 356 Youth Avenue, Heping District, Shenyang, Liaoning Province, PRC			No commercial value
52.	Various dormitories of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC			No commercial value
	Group VI Sub-total:			Nil
	Grand total:	13,604,000,000		11,955,339,000

VALUATION CERTIFICATE

Group I – Properties held by the Group mainly for owner-occupation or for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
1.	Portion of Phases I to VI of Optics Valley Software Park (光谷軟件園), East of Guanshan Avenue and South of Nanhu South Road, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Optics Valley Software Park (the "Development") is a business park erected on four parcels of land with a total site area of approximately 488,642.52 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phases I to VI of the Development with a total gross floor area of approximately 118,712.99 sq.m., which accommodates exhibition centers, offices and ancillary facilities. As advised by the Group, the property was completed in between 2009 and 2013. The land use rights of the property have been granted for four concurrent terms expiring on May 4, 2052, May 6, 2059 and November 30, 2059 respectively for industrial use.	As at the date of valuation, portion of the property was subject to various tenancies whilst the remaining portion was vacant for sale or for ancillary use.	RMB867,500,000 (100% interest attributable to the Group: RMB867,500,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of four parcels of land with a total site area of 488,642.52 sq.m. have been granted to Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") and Wuhan Optics Valley Software Park Co., Ltd., ("Optics Valley Software Park"), 100%-owned subsidiaries of the Company. Details of the certificates are as follows:

Certificate No.	Grantee	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
Wu Xin Guo Yong (2003) Di No. 023	Wuhan Optics Valley Union	June 2003	363,977.15	Industrial: May 4, 2052
Wu Xin Guo Yong (2008) Di No. 029	Wuhan Optics Valley Union	May 10, 2008	58,063.10	Industrial: May 4, 2052

Certificate No.	Grantee	Issue Date	Site Area (sq.m.)	Usage and Land Use Term Expiry Date
Wu Xi Guo Yong (2009) Di No. 038	Optics Valley Software Park	June 18, 2009	28,677.08	Industrial: May 6, 2059
Wu Xin Guo Yong (2010) Di No. 005	Wuhan Optics Valley Union	January 19, 2010	37,925.19	Industrial: November 30, 2059

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to 41 Title Certificates (武漢市商品房權屬證明書), the building ownership rights of various buildings with a total gross floor area of 72,415.06 sq.m. are vested in Wuhan Optics Valley Union and Optics Valley Software Park.

   As advised by the Group, the buildings as stated in the Title Certificates mentioned above comprise portion of the property.

3. Pursuant to 75 Records for the Acceptance Examination Upon Project Completion dated between August 12, 2002 and December 25, 2013, the construction works of various buildings with a total gross floor area of 874,430.94 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors which contains, inter alia, the following information:

   i. Wuhan Optics Valley Union and Optics Valley Software Park have obtained the land use rights of the property and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates;

   ii. Wuhan Optics Valley Union and Optics Valley Software Park have obtained the building ownership rights of the buildings as stated in the Title Certificates (excluding the buildings which have been sold out) and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usage of the Title Certificates; and

   iii. according to the written confirmation from Wuhan Optics Valley Union and Optics Valley Software Park, the property is free from any seizures, mortgages or other kinds of limitations.

5. In our valuation, we have assumed average unit rates of about RMB22,000/sq.m. for exhibition centers (1/F) and about RMB7,300/sq.m. for offices.

6. In undertaking our valuation of the property, we have made reference to some asking price references of some retail and office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB21,000 to 28,000/sq.m. for retail developments (1/F) and about RMB5,300 to 6,800/sq.m. for office developments. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
2.	Portion of Phases I and II of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Optics Valley Financial Harbour (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 526,434.50 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phases I and II of the Development with a total gross floor area of approximately 75,018.07 sq.m., which accommodates exhibition centers, offices, dormitories and ancillary facilities. As advised by the Group, the property was completed in between 2012 and 2013. The land use rights of the property have been granted for two concurrent terms expiring on May 17, 2056 and September 22, 2059 for industrial use.	As at the date of valuation, portion of the property was subject to various tenancies whilst the remaining portion was vacant for sale or for ancillary use.	RMB362,200,000 (100% interest attributable to the Group: RMB362,200,000)

Notes:

1. Pursuant to two Land Grant Contracts dated May 17, 2006 and September 22, 2009 respectively and their relevant investment agreements, the land use rights of two parcels of land with a total site area of 377,233.2 sq.m. have been agreed to be granted to Wuhan Optics Valley Financial Harbour Development Co., Ltd. ("OV Financial Harbour Development") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), 100%-owned subsidiaries of the Company, for various concurrent terms of 50 years for industrial use at a total land grant fee of RMB149,186,412.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of 377,166.22 sq.m. have been granted to OV Financial Harbour Development and Wuhan Optics Valley Union respectively. Details of the certificates are as follows:

Certificate No.	Grantee	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
Wu Xin Guo Yong (2009) Di No. 027	OV Financial Harbour Development	March 26, 2009	145,855.98	Industrial: May 17, 2056
Wu Xin Guo Yong (2010) Di No. 035	Wuhan Optics Valley Union	July 2, 2010	231,310.24	Industrial: September 22, 2059

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

3. Pursuant to 117 Title Certificates (武漢市商品房權屬證明書), the building ownership rights of various buildings with a total gross floor area of 214,371.45 sq.m. are vested in OV Financial Harbour Development and Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of the buildings as stated in the Title Certificates mentioned above.

4. Pursuant to nine Building Ownership Certificates – Fang Quan Zheng Hu Zi Di Nos. 201011744 to 201011750, 2013016519 and 2013016520, the building ownership rights of various buildings with a total gross floor area of 23,418.04 sq.m. are vested in OV Financial Harbour Development.

   As advised by the Group, the buildings as stated in the Building Ownership Certificates mentioned above comprise portion of the property.

5. As advised by the Group, portion of the property with a total gross floor area of approximately 24,745.11 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB139,300,000. We have taken into account the said amount in our valuation.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. OV Financial Harbour Development and Wuhan Optics Valley Union have obtained the land use rights of the property and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usage as stipulated in the Land Use Rights Certificates;

   ii. OV Financial Harbour Development and Wuhan Optics Valley Union have obtained the building ownership rights of the buildings as stated in the Title Certificates and Building Ownership Certificates (excluding the buildings which have been sold out) and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usage of the Title Certificates and Building Ownership Certificates;

   iii. OV Financial Harbour Development and Wuhan Optics Valley Union have obtained the necessary permits for the pre-sale of the buildings as stated in the Pre-sale Permits; and

   iv. according to the written confirmation from OV Financial Harbour Development and Wuhan Optics Valley Union, the property is free from any seizures, mortgages or other kinds of limitations.

7. In our valuation, we have assumed average unit rates of about RMB13,000/sq.m. for exhibition centers (1/F), about RMB7,300/sq.m. for offices and an average monthly unit rent of about RMB28/sq.m. for dormitories.

8. In undertaking our valuation of the property, we have made reference to some asking price references of some retail and office developments and some asking monthly rental references of some residential developments which have characteristics comparable to the property. The prices of those asking price references are about RMB19,000 to 28,000/sq.m. for retail developments (1/F) and about RMB5,300 to 6,800/sq.m. for office developments and the prices of those asking monthly rental references are about RMB25 to 32/sq.m. for residential developments. The unit rates and rents assumed by us are consistent with the said asking price and monthly rental references. Due adjustments to the unit rates and rents of those asking price or monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
3.	Portion of Romantic Town (麗島漫城), No. 46 Guanggu Boulevard, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Romantic Town (the "Development") is a residential/commercial development erected on three parcels of land with a total site area of approximately 94,432.21 sq.m. and was completed in between 2010 and 2011. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of the Development with a total gross floor area of approximately 2,936.19 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB19,400,000 (51% interest attributable to the Group: RMB9,894,000)

Use	Approximate Gross Floor Area *(sq.m.)*
Residential	123.72
Kindergarten	1,822.47
Carpark	990.00
Total:	2,936.19

The land use rights of the property have been granted for three concurrent terms expiring on April 20, 2072 for residential use.

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 94,432.21 sq.m. have been granted to Wuhan Xuefu Property Co., Ltd. ("Wuhan Xuefu"), a 51%–owned subsidiary of the Company, for a term expiring on April 20, 2072 for residential use. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage	Land Use Term Expiry Date
1.	Wu Xin Guo Yong (2005) Di No. 014	March 22, 2005	69,782.51	Residential	April 20, 2072
2.	Wu Xin Guo Yong (2008) Di No. 035	June 25, 2008	21,435.43	Residential	April 20, 2072
3.	Wu Xin Guo Yong (2008) Di No. 036	June 25, 2008	3,214.27	Residential	April 20, 2072

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the Construction Land Planning Permit – No. 0633071 dated June 17, 2004, Wuhan Xuefu is permitted to use a parcel of land with a site area of 116,850 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to four Construction Works Planning Permits – Wu Gui (Dong Kai) Jian [2008] 063, Jian Zi Di Wu Gui (Dong Kai) Jian [2008] 163, Jian Zi Di Wu Gui (Dong Kai) Jian [2009] 032 and Jian Zi Di Wu Gui (Dong Kai) Jian [2010] 019 dated between June 20, 2008 and March 15, 2010, the total approved construction scale of various buildings is 159,247.87 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

4. Pursuant to eight Construction Works Commencement Permits – Nos. 42019820081117008140140 01, 420198200803180 0514BJ4001, 420198200803180 0514BJ4002, 120198200803180 0514024001, 42019820080318005140 14001, 42019820090402004140 14001, 42019820090925008140 14001 and 42019820090925008140 24001 dated between June 11, 2008 and April 9, 2010, the total approved construction scale of various buildings is 158,875.24 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

5. Pursuant to five Pre-sale Permits – Wu Kai Guan Yu Shou [2009] Nos. 071 and 207, Wu Fang Kai Yu Shou [2009] No. 12 and Wu Fang Kai Yu Shou [2010] Nos. 297 and 433 dated between April 23, 2009 and November 19, 2010, a total gross floor area of 140,303.27 sq.m. is permitted to be pre-sold.

   As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above comprise portion of the property.

6. Pursuant to 26 Records for the Acceptance Examination Upon Project Completion – Nos. 22-10-0174 to 0187, 22-10-0383 and 0384, 15-10-106 and 15-11-339 to 347 dated between May 14, 2010 and December 26, 2011, the construction works of various buildings with a total gross floor area of 158,875.56 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

7. Pursuant to the Building Ownership Certificate – Wu Fang Quan Zheng Hu Zi Di No. 2012005442, the building ownership rights of a kindergarten with a gross floor area of 1,822.47 sq.m. are vested in Wuhan Xuefu.

   As advised by the Group, the kindergarten as stated in the Building Ownership Certificate mentioned above comprises portion of the property.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 123.72 sq.m. has been pre-sold under a sales and purchase agreement at a consideration of approximately RMB590,000. We have taken into account the said amount in our valuation.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Xuefu has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates;

   ii. Wuhan Xuefu has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Xuefu has the lawful and complete rights for the development of the property;

   iii. Wuhan Xuefu has obtained the necessary permits for the pre-sale of the building as stated in the Pre-sale Permits;

   iv. Wuhan Xuefu has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificate and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Building Ownership Certificate; and

   v. according to the written confirmation from Wuhan Xuefu, the property is free from any seizures, mortgages or other kinds of limitations.

10. In our valuation, we have assumed average unit rates of about RMB6,700/sq.m. for kindergarten and about RMB90,000/unit for carparks.

11. In undertaking our valuation of the property, we have made reference to some asking price references of some retail developments and carparks which have characteristics comparable to the property. The prices of those asking price references are about RMB15,000 to 16,000/sq.m. for retail developments (1/F) and about RMB70,000 to 100,000/unit for carparks. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
4.	Portion of Phase I of Lido Mason (麗島美生), No. 318 Minzu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Lido Mason (the "Development") is a residential development to be erected on a parcel of land with a site area of approximately 72,172.35 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phase I of the Development with a total gross floor area of approximately 14,622.57 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area** *(sq.m.)* Residential 5,454.45 Retail 5,620.76 Ancillary 3,547.36 Total: 14,622.57 As advised by the Group, the property was completed in 2013. The land use rights of the property have been granted for a term expiring on July 11, 2077 for residential use.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB125,300,000 (50% interest attributable to the Group: RMB62,650,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Wu Xin Guo Yong (2007) Di No. 058 dated July 19, 2007, the land use rights of a parcel of land with a site area of 72,172.35 sq.m. have been granted to Wuhan Mason Property Co., Ltd. ("Wuhan Mason"), a 50%-owned joint venture of the Company, for a term expiring on July 11, 2077 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Construction Land Planning Permit – No. 0602771 dated April 20, 2007 (as amended on April 24, 2008), Wuhan Mason is permitted to use a parcel of land with a site area of 72,196.00 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Works Planning Permit – Jian Zi Di Wu Gui (Dong Kai) Jian [2010] No. 158 dated January 26, 2011, the total approved construction scale of various buildings is 153,436.84 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permit mentioned above.

4. Pursuant to two Construction Works Commencement Permits – Nos. 42019820101130011020114001 and 42019820120608001000114001 dated July 21, 2011 and October 18, 2012 respectively, the total approved construction scale is 143,836.84 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

5. Pursuant to two Pre-sale Permits – Wu Fang Kai Yu Shou [2012] 176 and Wu Fang Kai Yu Shou [2013] 188 dated May 18, 2012 and May 30, 2013 respectively, a total gross floor area of 125,488.18 sq.m. is permitted to be pre-sold.

   As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above comprises portion of the property.

6. Pursuant to five Records for the Acceptance Examination Upon Project Completion – Nos. 15-13-196 to 15-13-200 dated September 1, 2013, the construction works of the buildings with a total gross floor area of 71,202.74 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 6,274.37 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB60,900,000. We have taken into account the said amount in our valuation.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Mason has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. Wuhan Mason has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Mason has the lawful and complete rights for the development of the property;

   iii. Wuhan Mason has obtained the necessary permits for the pre-sale of the buildings as stated in the Pre-sale Permits;

   iv. according to the written confirmation from Wuhan Mason, the property is free from any seizures, mortgages or other kinds of limitations;

   v. Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") and Tianjin Meitong Development Co., Ltd. (天津美通發展有限公司) ("Tianjin Meitong") hold a joint venture, Wuhan Mason, after the equity transfer made in March, 2010. Wuhan Optics Valley Union and Tianjin Meitong have equal interests in 50% of the registered capital of Wuhan Mason; and

   vi. Wuhan Mason is a legal and effective limited company according to the PRC laws and has obtained the necessary permits and approvals for the registration.

9. In our valuation, we have assumed average unit rates of about RMB7,500/sq.m. for residential and RMB18,000/sq.m. for retail (1/F).

10. In undertaking our valuation of the property, we have made reference to some recent transactions of the residential portion of the property and some asking price references of retail developments which have characteristics comparable to the property. The prices of those transactions are about RMB7,600 to 7,700/sq.m. for residential and the prices of those asking price references are about RMB24,000 to 25,000/sq.m. for retail developments (1/F). The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those transactions and asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
5.	Portion of Phases I and II of Wuhan Innocenter (武漢研創中心) (the portion held by Hubei Huisheng), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	Wuhan Innocenter (the portion held by Hubei Huisheng) (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 110,175.50 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phases I and II of the Development with a total gross floor area of approximately 66,210.93 sq.m., which accommodates offices and ancillary facilities. As advised by the Group, the property was completed in between 2012 and 2013. The land use rights of the property have been granted for a term expiring on July 6, 2057 for industrial use.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB442,000,000 (100% interest attributable to the Group: RMB442,000,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Xia Guo Yong (2008) Di No. 199 dated September 6, 2008, the land use rights of a parcel of land with a site area of 110,175.5 sq.m. have been granted to Hubei Huisheng Technology Development Co., Ltd. ("Hubei Huisheng"), a 100%–owned subsidiary of the Company, for a term expiring on July 6, 2057 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to 30 Records for the Acceptance Examination Upon Project Completion – Nos. 08-12-0490 to 08-12-0502 and 08-13-0121 to 08-13-0137 dated between December 28, 2012 and August 22, 2013, the construction works of various buildings with a total gross floor area of 71,443.65 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

3. As advised by the Group, portion of the property with a total gross floor area of approximately 4,303.08 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB34,000,000. We have taken into account the said amount in our valuation.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Hubei Huisheng has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. Hubei Huisheng has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Hubei Huisheng has the lawful and complete rights for the development of the property; and

   iii. according to the written confirmation from Hubei Huisheng, the property is free from any seizures, mortgages or other kinds of limitations.

5. In our valuation, we have assumed an average unit rate of about RMB7,500/sq.m. for offices.

6. In undertaking our valuation of the property, we have made reference to some recent transactions of the office portion of the property which have characteristics comparable to the property. The prices of those transactions are about RMB7,000 to 7,900/sq.m. for offices. The unit rate assumed by us is consistent with the said sales transactions. Due adjustments to the unit rates of those transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
6.	Portion of Phase I of Wuhan Innocenter (武漢研創中心) (the portion held by Wuhan Minghong), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	Wuhan Innocenter (the portion held by Wuhan Minghong) (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 85,613.97 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phase I of the Development with a total gross floor area of approximately 33,294.02 sq.m., which accommodates office and ancillary facilities. As advised by the Group, the property was completed in 2012. The land use rights of the property have been granted for a term expiring on July 6, 2057 for industrial use.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB232,900,000 (100% interest attributable to the Group: RMB232,900,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Xia Guo Yong (2007) Di No. 647 dated December 20, 2007, the land use rights of a parcel of land with a site area of 85,613.97 sq.m. have been granted to Wuhan Minghong Technology Development Co., Ltd. ("Wuhan Minghong"), a 100%-owned subsidiary of the Company, for a term expiring on July 6, 2057 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to 21 Records for the Acceptance Examination Upon Project Completion – Nos. 08-12-0469 to 08-12-0489 dated December 28, 2012, the construction works of various buildings with a total gross floor area of 43,236.16 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

3. As advised by the Group, portion of the property with a total gross floor area of approximately 11,159.59 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB81,000,000. We have taken into account the said amount in our valuation.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Minghong has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. Wuhan Minghong has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Minghong has the lawful and complete rights for the development of the property; and

   iii. according to the written confirmation from Wuhan Minghong, the property is free from any seizures, mortgages or other kinds of limitations.

5. In our valuation, we have assumed an average unit rate of about RMB7,500/sq.m. for offices.

6. In undertaking our valuation of the property, we have made reference to some recent transactions of the office portion of the property which have characteristics comparable to the property. The prices of those transactions are about RMB7,300 to 7,600/sq.m. for office. The unit rate assumed by us is consistent with the said sales transactions. Due adjustments to the unit rates of those transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
7.	Levels 3, 4 and 5, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Property Management), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	North Harbour Business Park (the "Development") is an office development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the office portion of the Development with a total gross floor area of approximately 1,247.56 sq.m.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB7,400,000 (100% interest attributable to the Group: RMB7,400,000)

Notes:

1. Pursuant to three Building Ownership Certificates – Wu Fang Quan Zheng Hong Zi Di Nos. 2013017421, 2013017422 and 2013017426 dated between November 29, 2013 and December 3, 2013, the building ownership rights of various buildings with a total gross floor area of 1,247.58 sq.m. are vested in Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management"), a 100%-owned subsidiary of the Company, for industrial, transportation, storage and commodity housing uses.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Lido Property Management has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Building Ownership Certificates.

3. In our valuation, we have assumed an average unit rent of about RMB37/sq.m. for offices.

4. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some office developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB34 to 50/sq.m. for office developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
8.	Levels 1 to 4, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Technology), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	North Harbour Business Park (the "Development") is an office development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the office portion of the Development with a total gross floor area of approximately 2,022.50 sq.m.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB12,100,000 (100% interest attributable to the Group: RMB12,100,000)

Notes:

1. Pursuant to four Building Ownership Certificates – Wu Fang Quan Zheng Hong Zi Di Nos. 2013015997, 2013015998, 2013016003 and 2013016004 dated November 15, 2013, the building ownership rights of various buildings with a total gross floor area of 3,683.1 sq.m. are vested in Wuhan Lido Technology Co., Ltd. ("Wuhan Lido Technology"), a 100%-owned subsidiary of the Company, for industrial, transportation, storage and commodity housing uses.

   As advised by the Group, the property comprises portion of he buildings as stated in the Building Ownership Certificates mentioned above.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Lido Property Management has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Building Ownership Certificates.

3. In our valuation, we have assumed an average monthly unit rent of about RMB37/sq.m. for offices.

4. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some office developments which have characteristics comparable to the property. The prices of those asking monthly rental references are RMB34 to 50/sq.m. for office developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
9.	Portion of Lido Garden (麗島花園) (the portion held by Wuhan United Real Estate), No. 497 Luoshi Road, Luonan Street, Hongshan District, Wuhan, Hubei Province, PRC	Lido Garden (the "Development") is a residential development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises 93 car parking spaces of the Development. The land use rights of the property have been granted for a term expiring on April 2, 2047 for car parking use.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB9,300,000 (100% interest attributable to the Group: RMB9,300,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Wu Guo Yong (2007) Di No. 334 dated May 14, 2007, the land use rights of the property with a site area of 2,317.87 sq.m. have been granted to United Real Estate (Wuhan) Co., Ltd. ("Wuhan United Real Estate"), a 100%-owned subsidiary of the Company, for a term expiring on April 2, 2047 for car parking use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Record for the Planning Acceptance Examination Upon Project Completion – Wu Gui Yan [2012] No. 085 dated October 9, 2012, the construction works of various buildings with a total gross floor area of 5,434.95 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Record for the Planning Acceptance Examination Upon Project Completion mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan United Real Estate has obtained the Record for the Planning Acceptance Examination Upon Project Completion for the property and is now applying for the relevant Building Ownership Certificate. In respect of the corresponding land use rights, Wuhan United Real Estate has obtained the relevant Land Use Rights Certificate. Wuhan United Real Estate will be entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the property after the Building Ownership Certificate has been obtained; and

   ii. according to the written confirmation from Wuhan United Real Estate, the property is free from any seizures, mortgages or other kinds of limitations.

4. In our valuation, we have assumed an average unit rate of about RMB100,000/unit for carparks.

5. In undertaking our valuation of the property, we have made reference to some asking price references of some carparks which have characteristics comparable to the property. The prices of those asking price references are about RMB80,000 to 150,000/unit for carparks. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
10.	Portion of Lido Garden (麗島花園) (the portion held by Wuhan Lido Property Management), No. 497 Luoshi Road, Luonan Street, Hongshan District, Wuhan, Hubei Province, PRC	Lido Garden (the "Development") is a residential development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the retail portion of the Development with a total gross floor area of approximately 1,122.13 sq.m.	As at the date of valuation, portion of the property was subject to a tenancy agreement expiring on July 31, 2015 at a monthly rental of approximately RMB1,200 whilst the remaining portion is vacant for sale or for ancillary use.	RMB10,300,000 (100% interest attributable to the Group: RMB10,300,000)

Notes:

1. Pursuant to eight Sales and Purchase Agreements for Commodity Unit, the property has been transferred to Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management"), a 100%-owned subsidiary of the Company, at a total consideration of RMB2,999,990.09.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Lido Property Management has signed the Sales and Purchase Agreements for the property and paid off all the relevant expenses. After the Building Ownership Certificate has been obtained, Wuhan Lido Property Management is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the property according to the stipulated usage of the Building Ownership Certificate.

3. In our valuation, we have assumed an average monthly unit rent of about RMB41/sq.m. for retail (1/F).

4. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some retail developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB30 to 60/sq.m. for retail developments (1/F). The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
11.	Portion of Lido Top View (麗島半山華府), No. 76 Hangzhou West Road, Huangshi Economic Development Zone, Huangshi, Hubei Province, PRC	Lido Top View (the "Development") is a residential/commercial development erected on four parcels of land with a total site area of approximately 122,261.26 sq.m. and was completed in 2010. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of the Development with a total gross floor area of approximately 1,454.31 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area** *(sq.m.)* Apartment — 543.65 Villa — 321.94 Retail — 588.72 Total: — 1,454.31 The land use rights of the property have been granted for four concurrent terms expiring on August 30, 2045 and November 30, 2046 for commercial use and August 30, 2075 and November 30, 2076 for residential use respectively.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB12,000,000 (100% interest attributable to the Group: RMB12,000,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of four parcels of land with a total site area of 122,261.26 sq.m. have been granted to Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development"), a 100%-owned subsidiary of the Company. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
1.	Huang Shi Guo Yong (2005) Di No. 478	September 23, 2005	4,835.13	Commercial: August 30, 2045 Residential: August 30, 2075
2.	Huang Shi Guo Yong (2005) Di No. 476	September 23, 2005	52,038.53	Commercial: August 30, 2045 Residential: August 30, 2075
3.	Huang Shi Guo Yong (2006) Di No. 0237	December 7, 2006	17,122.51	Commercial: November 30, 2046 Residential: November 30, 2076
4.	Huang Shi Guo Yong (2006) Di No. 0238	December 12, 2006	48,265.09	Commercial: November 30, 2046 Residential: November 30, 2076

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the following Building Ownership Certificates, the building ownership rights of various buildings with a total gross floor area of 1,290.75 sq.m. are vested in Huangshi OVU Development. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Gross Floor Area *(sq.m.)*	Usage
1.	Huang Fang Quan Zheng Tuan Zi Di No. 201004626	May 19, 2010	321.94	Villa
2.	Huang Fang Quan Zheng Jing Zi Di No. 201014518	December 16, 2010	149.13	Residential
3.	Huang Fang Quan Zheng Jing Zi Di No. 201014552	December 16, 2010	133.26	Residential
4.	Huang Fang Quan Zheng Tuan Zi Di No. 201006009	June 23, 2010	172.60	Commercial
5.	Huang Fang Quan Zheng Jing Zi Di No. 201200169	January 4, 2012	252.56	Commercial
6.	Huang Fang Quan Zheng Jing Zi Di No. 201200098	January 5, 2012	113.65	Residential
7.	Huang Fang Quan Zheng Jing Zi Di No. 201200085	January 5, 2012	147.61	Residential

As advised by the Group, the buildings as stated in the Building Ownership Certificates mentioned above comprise portion of the property.

3. As advised by the Group, portion of the property with a total gross floor area of approximately 163.56 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB1,300,000. We have taken into account the said amount in our valuation.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Huangshi OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates;

ii. Huangshi OVU Development has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the buildings according to the stipulated usages of the Building Ownership Certificates; and

iii. according to the written confirmation from Huangshi OVU Development, the property is free from any seizures, mortgages or other kinds of limitations.

5. In our valuation, we have assumed average unit rates of about RMB5,100/sq.m. for apartments, about RMB14,000/sq.m. for villas and about RMB8,000/sq.m. for retail.

6. In undertaking our valuation of the property, we have made reference to some asking price references of some apartment, villa and retail developments which have characteristics comparable to the property. The prices of those asking price references are about RMB5,300 to 6,000/sq.m. for apartment developments, about RMB12,000 to 20,000/sq.m. for villa developments and about RMB8,000/sq.m. for retail developments. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
12.	Portion of Phase I of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	Phase I of Ezhou OVU Science and Technology City (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 413,092.40 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the office portion of Phase I of the Development with a total gross floor area of approximately 42,465.60 sq.m. As advised by the Group, the property was completed in 2013. The land use rights of the property have been granted for a term expiring on March 24, 2063 for industrial use.	As at the date of valuation, the property was vacant.	RMB128,500,000 (80% interest attributable to the Group: RMB102,800,000)

Notes:

1. Pursuant to the following Land Grant Contracts, the land use rights of three parcels of land with a total site area of 413,092.4 sq.m. have been agreed to be granted to Hubei Technology Enterprise Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator"), a 80%-owned subsidiary of the Company. Details of the contracts are as follows:

No.	Land Parcel No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term	Land Grant Fee *(RMB)*
1.	G (2013) 017	February 5, 2013	141,640.7	Industrial: 50 years	37,700,000
2.	G (2013) 021	February 11, 2013	161,201.8	Industrial: 50 years	42,590,000
3.	G (2013) 016	February 5, 2013	110,249.9	Industrial: 50 years	29,840,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 413,092.4 sq.m. have been granted to Hubei Technology Enterprise Accelerator. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
1.	E Zhou Guo Yong (2013) Di No. 2-28	March 25, 2013	141,640.7	Industrial: March 24, 2063
2.	E Zhou Guo Yong (2013) Di No. 2-29	March 25, 2013	161,201.8	Industrial: March 24, 2063
3.	E Zhou Guo Yong (2013) Di No. 2-30	March 25, 2013	110,249.9	Industrial: March 24, 2063

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit – E Zhou Gui Hua Di Zi Di No. 420705201300020 dated February 5, 2013, Hubei Technology Enterprise Accelerator is permitted to use a parcel of land with a site area of 189,089.13 sq.m.

As advised by the Group, the land parcel as stated in the Construction Land Planning Permit mentioned above comprises portion of the property.

4. Pursuant to the Construction Works Planning Permit – No. 201306 dated February 5, 2013, the approved construction scale of various buildings is 161,805.92 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permit mentioned above.

5. Pursuant to two Construction Works Commencement Permits – Nos. 4207002013052450201 and 4207002013073150201 dated May 24, 2013 and July 31, 2013 respectively, the total approved construction scale of various buildings is 53,451.65 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

6. Pursuant to two Pre-sale Permits – E Zhou Fang Yu Zi (1300047) and (1300069) dated July 30, 2013 and September 27, 2013 respectively, a total gross floor area of 53,452.38 sq.m. has been permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits mentioned above.

7. Pursuant to two Records for the Acceptance Examination Upon Project Completion dated December 30, 2013, the construction works of the buildings with a total gross floor area of 53,452.27 sq.m. have been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

8. As advised by the Group, portion of the property with a total gross floor areas of approximately 11,666.53 sq.m. has been pre-sold under various sales and purchase agreement at a total consideration of approximately RMB33,100,000. We have taken into account the said amount in our valuation.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Hubei Technology Enterprise Accelerator has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usage as stipulated in the Land Use Rights Certificates;

ii. Hubei Technology Enterprise Accelerator has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Hubei Technology Enterprise Accelerator has the lawful and complete rights for the development of the property;

iii. Hubei Technology Enterprise Accelerator has obtained the necessary permits for the pre-sale of the buildings as stated in the Pre-sale Permits; and

iv. according to the written confirmation from Hubei Technology Enterprise Accelerator, the property is free from any seizures, mortgages or other kinds of limitations.

10. In our valuation, we have assumed an average unit rate of about RMB3,100/sq.m. for offices.

11. In undertaking our valuation of the property, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB3,300 to 3,700/sq.m. for office developments. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
13.	Portion of Phase I of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase I of Qingdao Optics Valley Software Park (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 211,196.30 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phase I of the Development with a total gross floor area of approximately 80,663.64 sq.m., which accommodates offices, exhibition centers and ancillary facilities. As advised by the Group, the property was completed in 2013. The land use rights of the property have been granted for a term expiring on February 21, 2062 for industrial use.	As at the date of valuation, the property was vacant for sale or for ancillary use.	RMB560,900,000 (100% interest attributable to the Group: RMB560,900,000)

Notes:

1. Pursuant to the Master Investment Agreement entered into between the Management Committee of Economic and Technology Development District of Qingdao (青島經濟技術開發區管理委員會) ("Management Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on May 23, 2011, Management Committee has agreed in principle to provide four parcels of land with a total site area of approximately 1,988.9 mu to Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of land parcels as stated in the Master Investment Agreement mentioned above.

2. Pursuant to three Land Grant Contracts – Qingdao-01-2011-3073, Qingdao-01-2011-3072 and Qingdao-01-2013-3023 dated between December 12, 2011 and April 12, 2013, the land use rights of three parcels of land with a total site area of 211,196.3 sq.m. have been agreed to be granted to Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a total land grant fee of RMB63,474,935.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the Land Use Rights Certificate – Qing Fang Di Quan Shi Zi Di No. 2013126683 dated October 21, 2013, the land use rights of a parcel of land with a site area of 211,196.3 sq.m. have been granted to Qingdao OVU Development for a term expiring on February 21, 2062 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

4. Pursuant to three Construction Land Planning Permits – Di Zi Di Nos. 370200201217003, 370200201217004 and 370200201317063 dated between January 10, 2012 and July 29, 2013, Qingdao OVU Development is permitted to use three parcels of land with a total site area of 211,196.3 sq.m. for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permits mentioned above.

5. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 370200201217030 and 370200201217104 dated March 31, 2012 and April 28, 2012 respectively, the approved construction scale of various buildings is 156,953.76 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

6. Pursuant to three Construction Works Commencement Permits – Nos. 370211201207040101, 370211201207240201 and 370211201207240101 dated July 24, 2012, the approved construction scale of the various buildings is 81,006.14 sq.m.

7. Pursuant to three Record for the Acceptance Examination Upon Project Completion – Nos. 2013-043, 2013-136 and 2013-137 dated between April 28, 2013 and December 27, 2013, the construction works of the property with a total gross floor area of 80,663.64 sq.m. have been examined and such examination has been recorded.

8. Pursuant to the Building Ownership Certificate – Qing Fang Di Quan Shi Zi Di No. 2013131766, the building ownership rights of various buildings with a gross floor area of 14,760.48 sq.m. are vested in Qingdao OVU Development.

   As advised by the Group, the buildings as stated in the Building Ownership Certificate mentioned above comprise portion of the property.

9. As advised by the Group, portion of the property with a total gross floor area of approximately 24,060.33 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB151,100,000. We have taken into account the said amount in our valuation.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

    i. Qingdao OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

    ii. Qingdao OVU Development has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Qingdao OVU Development has the lawful and complete rights for the development of the property;

    iii. Qingdao OVU Development has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificate (excluding the buildings which have been sold out) and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usage of the Building Ownership Certificate;

    iv. the property is subject to a mortgage; and

    v. according to the written confirmation from Qingdao OVU Development, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written approval has to be obtained before such portion can be let or re-mortgaged.

11. In our valuation, we have assumed average unit rates of about RMB7,400/sq.m. for offices and about RMB24,000/sq.m. for exhibition centers (1/F).

12. In undertaking our valuation of the property, we have made reference to some asking price references of some office and retail developments which have characteristics comparable to the property. The prices of those asking price references are about RMB11,000/sq.m. for office developments and about RMB30,000 to 34,000/sq.m. for retail (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
14.	Portion of Phase II of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Optics Valley Financial Harbour (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 526,434.50 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 179,591.94 sq.m., which accommodates offices and ancillary facilities. As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. The land use rights of the property have been granted for a term expiring on September 22, 2059 for industrial use.	As at the date of valuation, the property was under construction.	RMB712,800,000 (100% interest attributable to the Group: RMB712,800,000)

Notes:

1. Pursuant to the Land Grant Contracts dated September 22, 2009, the land use rights of a parcel of land with a site area of 231,310.24 sq.m. has been agreed to be granted to Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB128,840,000.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Wu Xin Guo Yong (2010) Di No. 035 dated July 2, 2010, the land use rights of a parcel of land with a site area of 231,310.24 sq.m. have been granted to Wuhan Optics Valley Union for a term expiring on September 22, 2059 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit – Di Zi No. Wu Gui (Dong Kai) Di [2010] 039, Wuhan Optics Valley Union is permitted to use a parcel of land with a site area of 231,153.2 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to nine Construction Works Planning Permits – Jian Zi Nos. Wu Gui (Dong Kai) Jian [2010] 159, [2011] 073, [2012] 035 to 037, 058, 082 and 083 and [2013] 010 dated between January 4, 2011 and January 28, 2013, the total approved construction scale of various buildings is 516,670.89 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to ten Construction Works Commencement Permits – Nos. 4201982011030200314BJ4001, 4201982011030200314BJ4003, 4201982011072900414BJ4001, 42019820120216001000414001, 4201982012327002000214001, 42019820120716001000114001, 42019820120716001000124001, 42019820120716002000214001, 4201982011030200314BJ4001 and 4201982012080100114BJ4002 dated between August 2, 2011 and July 29, 2013, the total approved construction scale of various buildings is 515,412.9 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

6. Pursuant to ten Pre-sale Permits – Wu Fang Kai Yu Shou [2011] 588 and 629, [2012] 56, 116 and 309 and [2013] 053, 557, 119, 555 and 556 dated between December 31, 2011 and December 5, 2013, a total gross floor area of 364,164.1 sq.m. is permitted to be pre-sold.

   As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above comprise portion of the property.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 92,455.61 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB617,900,000. We have taken into account the said amount in our valuation.

8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB176,700,000 and the total construction cost for completion of the property will be approximately RMB316,200,000. We have taken into account the said amounts in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be RMB1,267,100,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

    i. Wuhan Optics Valley Union has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

    ii. Wuhan Optics Valley Union has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Optics Valley has the lawful and complete rights for the development of the property;

    iii. Wuhan Optics Valley Union has obtained the necessary permits for the pre-sale of the buildings as stated in the Pre-sale Permits mentioned above; and

    iv. according to the written confirmation from Wuhan Optics Valley Union, the property is free from any seizures, mortgages or other kinds of limitations.

11. In our valuation, we have assumed an average unit rate of about RMB7,600/sq.m. for offices.

12. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB5,300 to 6,800/sq.m. for office developments. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
15.	Phase II of Lido Mason (麗島美生), No. 318 Minzu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Lido Mason (the "Development") is a residential development to be erected on a parcel of land with a site area of approximately 72,172.35 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 80,524.44 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** / **Approximate Gross Floor Area** *(sq.m.)* Residential 60,298.04 Carpark 20,266.40 Total: 80,524.44 As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. The land use rights of the property have been granted for a term expiring on July 11, 2077 for residential use.	As at the date of valuation, the property was under construction.	RMB290,900,000 (50% interest attributable to the Group: RMB145,450,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Wu Xin Guo Yong (2007) Di No. 058 dated July 19, 2007, the land use rights of a parcel of land with a site area of 72,172.35 sq.m. have been granted to Wuhan Mason Property Co., Ltd. ("Wuhan Mason"), a 50%-owned joint venture of the Company, for a term expiring on July 11, 2077 for residential use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Construction Land Planning Permit – No. 0602771 dated April 12, 2007 (as amended on April 24, 2008), Wuhan Mason is permitted to use a parcel of land with a site area of 72,196.00 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Works Planning Permit – Jian Zi Di Wu Gui (Dong Kai) Jian [2010] No. 158 dated January 26, 2011, the total approved construction scale of various buildings is 153,436.84 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permit mentioned above.

4. Pursuant to two Construction Works Commencement Permits – Nos. 42019820101130011020114001 and 42019820120608001000114001 dated July 21, 2011 and October 18, 2012 respectively, the total approved construction scale is 143,836.84 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

5. Pursuant to two Pre-sale Permits – Wu Fang Kai Yu Shou [2012] 176 and Wu Fang Kai Yu Shou [2013] 188 dated May 18, 2012 and May 30, 2013 respectively, a total gross floor area of 125,488.18 sq.m. is permitted to be pre-sold.

   As advised by the Group, the buildings as stated in the Pre-sale Permits mentioned above comprises portion of the property.

6. As advised by the Group, portion of the property with a total gross floor area of approximately 48,493.76 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB351,400,000. We have taken into account the said amount in our valuation.

7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB125,100,000 and the estimated outstanding construction cost for completion of the property will be RMB101,400,000. We have taken into account the aforesaid amounts in our valuation.

8. The market value of the property as if completed as at the date of valuation is estimated to be RMB492,700,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Mason has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. Wuhan Mason has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Mason has the lawful and complete rights for the development of the property;

   iii. Wuhan Mason has obtained the necessary permits for the pre-sale of the building as stated in the Pre-sale Permits;

   iv. according to the written confirmation from Wuhan Mason, the property is free from any seizures, mortgages or other kinds of limitations;

   v. Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") and Tianjin Meitong Development Co., Ltd. (天津美通發展有限公司) ("Tianjin Meitong") hold a joint venture, Wuhan Mason, after the equity transfer made in March, 2010. Wuhan Optics Valley Union and Tianjin Meitong have equal interests in 50% of the registered capital of Wuhan Mason; and

   vi. Wuhan Mason is a legal and effective limited company according to the PRC laws and has obtained the necessary permits and approvals for the registration.

10. In our valuation, we have assumed average unit rates of about RMB7,500/sq.m. for residential and about RMB90,000/unit for carparks.

11. In undertaking our valuation of the property if completed, we have made reference to some recent transactions of the residential portion of the property and some asking price references of carparks which have characteristics comparable to the property. The prices of those transactions are about RMB7,600 to 7,700/sq.m. for residential and the prices of those asking price references are about RMB140,000 to 150,000/unit for carparks. The unit rates assumed by us are consistent with the said sales transactions and asking price references. Due adjustments to the unit rates of those transactions and asking price references have been made to reflect factors including but not limited to time, location, size and asking price references and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
16.	Phase I of Creative Capital (創意天地), Mahu Village, Hongshan District, Wuhan, Hubei Province, PRC	Phase I of Creative Capital (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 193,899.68 sq.m. The immediate locality is a newly-developed area and predominated by commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 389,254.59 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:	As at the date of valuation, the property was under construction.	RMB1,329,900,000 (100% interest attributable to the Group: RMB1,329,900,000)

Use	Approximate Gross Floor Area *(sq.m.)*
Office	243,019.54
Retail	46,527.41
Hotel	9,905.00
Museum	9,698.86
Ancillary	4,665.59
Carpark	75,438.19
Total:	389,254.59

As advised by the Group, the property is scheduled for completion in the 1st quarter of 2016.

The land use rights of the property have been granted for a term expiring on July 8, 2050 for office, commercial finance and carparking uses.

Notes:

1. Pursuant to the Land Grant Contract – No. GF–2008-2601 dated July 9, 2010, the land use rights of a parcel of land with a site area of 193,899.68 sq.m. have been agreed to be granted to Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, for a term of 40 years for office, commercial finance and carparking uses at a land grant fee of RMB254,400,000.

2. Pursuant to the Land Use Rights Certificate – Wu Guo Yong (2010) Di No. 474 dated August 19, 2010, the land use rights of a parcel of land with a site area of 193,899.68 sq.m. have been granted to Wuhan Optics Valley Union, for a term expiring on July 8, 2050 for office, commercial finance and carparking uses.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. Wu Gui Di [2010] 128 dated April 6, 2010, Wuhan Optics Valley Union is permitted to use a parcel of land with a site area of 193,899.68 sq.m. for office, commercial finance and carparking uses.

4. Pursuant to three Construction Works Planning Permits – Jian Zi Di Nos. Wu Gui (Hong) Jian [2011] 021, [2012] 012 and [2012] 021 dated between August 31, 2011 and August 24, 2012, the total approved construction scale of various buildings is 389,254.59 sq.m.

5. Pursuant to five Construction Works Commencement Permits – Nos. 420111201012280O614BJ4001, 420111201012280O614BJ4002, 420111201012280O614BJ4003, 420111201012280O614BJ4004 and 420111201012280O614BJ4005 dated between February 22, 2012 and May 16, 2013, the total approved construction scale of various buildings is 389,254.59 sq.m.

6. As advised by the Group, the total construction cost expended as at the date of valuation was RMB398,500,000 and the estimated outstanding construction cost for completion of the property will be RMB1,019,000,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the date of valuation is estimated to be RMB3,097,800,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Optics Valley Union has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights within the land use term and according to the usages as stipulated in the Land Use Rights Certificate;

   ii. Wuhan Optics Valley Union has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Optics Valley Union has the lawful and complete rights for the development of the property;

   iii. the property is subject to a mortgage; and

   iv. according to the written confirmation from Wuhan Optics Valley Union, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written approval has to be obtained before such portion can be let or re-mortgaged.

9. In our valuation, we have assumed average unit rates of about RMB7,400 to 8,500/sq.m. for offices, about RMB17,000/sq.m. for retail (1/F), about RMB12,000/sq.m. for hotels, about RMB17,000/sq.m. for museums (1/F) and about RMB120,000/unit for carparks.

10. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office and retail developments and carparks which have characteristics comparable to the property. The prices of those asking price references are about RMB5,800 to 8,000/sq.m. for office developments, about RMB19,000 to 30,000/sq.m. for retail developments (1/F) and about RMB140,000 to 150,000/unit for carpark. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
17.	Lido 2046 (麗島2046), Xiongchu Avenue and Dingziqiao Road, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Lido 2046 (the "Development") is a residential development to be erected on a parcel of land with a site area of approximately 37,986.20 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 126,628.58 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area** *(sq.m.)* Residential — 103,740.86 Retail — 9,382.15 Carpark — 12,277.93 Ancillary — 1,227.64 Total: — 126,628.58 As advised by the Group, the property is scheduled for completion in the 4th quarter of 2015. The land use rights of the property have been granted for a term expiring on February 8, 2080 for residential use.	As at the date of valuation, the property was under construction.	RMB617,500,000 (100% interest attributable to the Group: RMB617,500,000)

Notes:

1. Pursuant to the Land Grant Contract – No. E WH-2010-011 dated February 9, 2010, the land use rights of a parcel of land with a site area of 37,986.2 sq.m. have been agreed to be granted to Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, for a term of 70 years for residential use at a land grant fee of RMB154,000,000.

2. Pursuant to the Land Use Rights Certificate – Wu Gou Yong (2010) Di No. 199 dated March 26, 2010, the land use rights of a parcel of land with a site area of 37,986.2 sq.m. have been granted to Wuhan Optics Valley Union for a term expiring on February 8, 2080 for residential use.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. Wu Gui Di (2009) 145 dated July 8, 2009, Wuhan Optics Valley Union is permitted to use a parcel of land with a site area of 37,986.2 sq.m. for residential use.

4. Pursuant to the Construction Works Planning Permit – Jian Zi Di No. Wu Gui Jian (2012) 164 dated June 11, 2012, the approved construction scale of various buildings is 126,628.58 sq.m.

5. Pursuant to two Construction Works Commencement Permits – Nos. 420111201012080814BJ4002 and 420111201012080814BJ4001 dated August 30, 2012, the approved construction scale of various buildings is 126,628.58 sq.m.

6. As advised by the Group, the total construction cost expended as at the date of valuation was RMB68,300,000 and the estimated outstanding construction cost for completion of the property will be RMB357,600,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the date of valuation is estimated to be RMB1,394,400,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Optics Valley Union has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. Wuhan Optics Valley Union has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Wuhan Optics Valley Union has the lawful and complete rights for the development of the property;

   iii. the property is subject to a mortgage; and

   iv. according to the written confirmation from Wuhan Optics Valley Union, apart from the aforesaid mortgage, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written approval has to be obtained from the mortgagee before such portion can be let or re-mortgaged.

9. In our valuation, we have assumed average unit rates of about RMB11,000/sq.m. for residential, about RMB29,000/sq.m. for retail (1/F) and about RMB120,000/unit for carparks.

10. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some residential and retail developments and carparks which have characteristics comparable to the property. The prices of those asking price references are about RMB12,000 to 13,000/sq.m. for residential developments, about RMB30,000 to 35,000/sq.m. for retail developments (1/F) and about RMB140,000 to 150,000/unit for carparks. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
18.	Phase I of Huangshi OVU Science and Technology City (黃石光谷聯合科技城), Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province, PRC	Phase I of Huangshi OVU Science and Technology City (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 175,337.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 190,600.00 sq.m., which accommodates offices, dormitories and ancillary facilities. As advised by the Group, the property is scheduled for completion by the 4th quarter of 2015. The land use rights of the property have been granted for a term expiring on March 9, 2063 for industrial use.	As at the date of valuation, the property was under construction.	RMB357,400,000 (100% interest attributable to the Group: RMB357,400,000)

Notes:

1. Pursuant to the Land Grant Contract – No. E-HS-DY-2013-00005 dated January 8, 2013, the land use rights of a parcel of land with a site area of 175,337 sq.m. have been agreed to be granted to Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development"), a 100%-owned subsidiary of the Company, for industrial use at a land grant fee of RMB25,930,000.

2. Pursuant to the Land Use Rights Certificate – Da Ye Guo Yong (2013) No. 0060020001 dated June 22, 2013, the land use rights of a parcel of land with a site area of 175,337 sq.m. have been granted to Huangshi OVU Development for a term expiring on March 9, 2063 for industrial use.

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 2013046 dated May 10, 2013, Huangshi OVU Development is permitted to use a parcel of land with a site area of 175,337 sq.m. for industrial use.

4. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 2013079 and 2013112 dated June 26, 2013 and August 29, 2013 respectively, the total approved construction scale of various buildings is 56,485.34 sq.m.

   As advised by the Group, the buildings as stated in the Construction Works Planning Permits mentioned above comprise portion of the property.

5. Pursuant to the Construction Works Commencement Permit – No. 420207201310220101 dated October 22, 2013, the total approved construction scale of various buildings is 10,852 sq.m.

   As advised by the Group, the buildings as stated in the Construction Works Commencement Permit mentioned above comprise portion of the property.

6. Pursuant to the Pre-sale Permit – Huang Fang Shou Zi (2013) 0052 dated December 10, 2013, a gross floor area of 7,766 sq.m. is permitted to be pre-sold.

   As advised by the Group, the buildings as stated in the Pre-sale Permit mentioned above comprise portion of the property.

7. As advised by the Group, the total construction cost expended as at the date of valuation was RMB44,100,000 and the estimated outstanding construction cost for completion of the property will be RMB436,300,000. We have taken into account the aforesaid amounts in our valuation.

8. The market value of the property as if completed as at the date of valuation was RMB1,104,300,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Huangshi OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. Huangshi OVU Development has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Huangshi OVU Development has the lawful and complete rights for the development of the property; and

   iii. according to the written confirmation from Huangshi OVU Development, the property is free from any seizures, mortgages or other kinds of limitations.

10. In our valuation, we have assumed average unit rates of about RMB5,100/sq.m. for offices and RMB5,600/sq.m. for dormitories.

11. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office and residential developments which have characteristics comparable to the property. The prices of those asking price references are about RMB6,200 to 8,000/sq.m. for office developments and about RMB5,000 to 6,000 for residential developments. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
19.	Portion of Phase I of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	Phase I of Ezhou OVU Science and Technology City (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 413,092.40 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 50,585.55 sq.m., which accommodates offices and ancillary facilities. As advised by the Group, the property is scheduled for completion in the 1st quarter of 2014. The land use rights of the property have been granted for a term expiring on March 24, 2063 for industrial use.	As at the date of valuation, the property was under construction.	RMB62,100,000 (80% interest attributable to the Group: RMB49,680,000)

Notes:

1. Pursuant to the following Land Grant Contracts, the land use rights of three parcels of land with a total site area of 413,092.4 sq.m. have been agreed to be granted to Hubei Technology Enterprise Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator"), a 80%-owned subsidiary of the Company. Details of the contracts are as follows:

No.	Land Parcel No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term	Land Grant Fee *(RMB)*
1.	G (2013) 017	February 5, 2013	141,640.7	Industrial: 50 years	37,700,000
2.	G (2013) 021	February 11, 2013	161,201.8	Industrial: 50 years	42,590,000
3.	G (2013) 016	February 5, 2013	110,249.9	Industrial: 50 years	29,840,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 413,092.4 sq.m. have been granted to Hubei Technology Enterprise Accelerator. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
1.	E Zhou Guo Yong (2013) Di No. 2-28	March 25, 2013	141,640.7	Industrial: March 24, 2063
2.	E Zhou Guo Yong (2013) Di No. 2-29	March 25, 2013	161,201.8	Industrial: March 24, 2063
3.	E Zhou Guo Yong (2013) Di No. 2-30	March 25, 2013	110,249.9	Industrial: March 24, 2063

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit – E Zhou Gui Hua Di Zi Di No. 420705201300020 dated February 5, 2013, Hubei Technology Enterprise Accelerator is permitted to use a parcel of land with a site area of 189,089.13 sq.m.

As advised by the Group, the land parcel as stated in the Construction Land Planning Permit mentioned above comprises portion of the property.

4. Pursuant to the Construction Works Planning Permit – No. 201306 dated February 5, 2013, the approved construction scale of various buildings is 161,805.92 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permit mentioned above.

5. Pursuant to the Construction Works Commencement Permit – No. 4207002013073150101 dated July 31, 2013, the approved construction scale of various buildings is 50,585.55 sq.m.

6. As advised by the Group, the total construction cost expended as at the date of valuation was RMB108,900,000 and the estimated outstanding construction cost for completion of the property will be RMB69,900,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the date of valuation is estimated to be RMB156,800,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Hubei Technology Enterprise Accelerator has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usage as stipulated in the Land Use Rights Certificates;

   ii. Hubei Technology Enterprise Accelerator has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Hubei Technology Enterprise Accelerator has the lawful and complete rights for the development of the property; and

   iii. according to the written confirmation from Hubei Technology Enterprise Accelerator, the property is free from any seizures, mortgages or other kinds of limitations.

9. In our valuation, we have assumed an average unit rate of about RMB3,100/sq.m. for offices.

10. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB3,300 to 3,700/sq.m. for office developments. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
20.	Portion of Phase I of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase I of Qingdao Optics Valley Software Park (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 211,196.30 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 122,972.38 sq.m., which accommodates offices, exhibition centers and ancillary facilities. As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. The land use rights of the property have been granted for a term expiring on February 21, 2062 for industrial use.	As at the date of valuation, the property was under construction.	RMB352,400,000 (100% interest attributable to the Group: RMB352,400,000)

Notes:

1. Pursuant to the Master Investment Agreement entered into between the Management Committee of Economic and Technology Development District of Qingdao (青島經濟技術開發區管理委員會) ("Management Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on May 23, 2011, Management Committee has agreed in principle to provide four parcels of land with a total site area of approximately 1,988.9 mu to Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of land parcels as stated in the Master Investment Agreement mentioned above.

2. Pursuant to three Land Grant Contracts – Qingdao-01-2011-3073, Qingdao-01-2011-3072 and Qingdao-01-2013-3023 dated between December 12, 2011 and April 12, 2013, the land use rights of three parcels of land with a total site area of 211,196.3 sq.m. have been agreed to be granted to Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100% owned subsidiary of the Company, for a term of 50 years for industrial use at a total land grant fee of RMB63,474,935.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the Land Use Rights Certificate – Qing Fang Di Quan Shi Zi Di No. 2013126683 dated October 21, 2013, the land use rights of a parcel of land with a site area of 211,196.3 sq.m. have been granted to Qingdao OVU Development for a term expiring on February 21, 2062 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

4. Pursuant to three Construction Land Planning Permits – Di Zi Di Nos. 370200201217003, 370200201217004 and 370200201317063 dated between January 10, 2012 and July 29, 2013, Qingdao OVU Development is permitted to use three parcels of land with a total site area of 211,196.3 sq.m. for industrial use.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Construction Land Planning Permits mentioned above.

5. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 370200201217104 and 370200201217277 dated April 28, 2012 and October 15, 2012 respectively, the approved construction scale of various buildings is 189,191.12 sq.m.

   As advised by the Group, the property comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

6. Pursuant to three Construction Works Commencement Permits – Nos. 370211201304250101, 370211201306170101 and 370211201308230201 dated between April 25, 2013 and August 23, 2013, the approved construction scale of the various buildings is 122,972.18 sq.m.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 10,903.42 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB68,300,000. We have taken into account the said amount in our valuation.

8. As advised by the Group, the total construction cost expended as at the date of valuation was RMB127,300,000 and the estimated outstanding construction cost for completion of the property will be RMB276,000,000. We have taken into account the aforesaid amounts in our valuation.

9. The market value of the property as if completed as at the date of valuation is estimated to be RMB822,100,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

    i. Qingdao OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

    ii. Qingdao OVU Development has obtained the necessary permits and approvals for the construction of the property and such permits and approvals have not been withdrawn or amended. Qingdao OVU Development has the lawful and complete rights for the development of the property;

    iii. the property is subject to a mortgage; and

    iv. according to the written confirmation from Qingdao OVU Development, apart from the aforesaid mortgage the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written approval has to be obtained before such portion can be let or re-mortgaged.

11. In our valuation, we have assumed average unit rates of about RMB7,300 to 7,700/sq.m. for offices and about RMB24,000/sq.m. for exhibition centers (1/F).

12. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office and retail developments which have characteristics comparable to the property. The prices of those asking price references are RMB11,000/sq.m. for office developments and about RMB30,000 to 34,000/sq.m. for retail (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group III – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
21.	Phases III and IV of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Optics Valley Financial Harbour (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 526,434.50 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 1,008,796.20 sq.m., which accommodates offices, exhibition centers, dormitories and ancillary facilities.	As at the date of valuation, the property was vacant land.	RMB2,000,300,000 (70% interest attributable to the Group: RMB1,400,210,000)

Notes:

1. Pursuant to two Transaction Confirmation Letters (成交確認書) dated March 30, 2012 and April 26, 2012 respectively, Wuhan Financial Harbour Development Co., Ltd. ("Wuhan Financial Harbour Development"), a 70%-owned subsidiary of the Company, has won the bid for two parcels of land with a total site area of approximately 171,764.65 sq.m. at a total consideration of RMB344,361,238.

2. Pursuant to the Construction Land Planning Permit – Di Zi No. Wu Gui (Dong Kai) Di [2012] 055 dated May 31, 2012, Wuhan Financial Harbour Development is permitted to use a parcel of land with a site area of 79,927.13 sq.m. for development.

   As advised by the Company, the land parcel as stated in the Construction Land Planning Permit mentioned above comprises portion of the property.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Financial Harbour Development has legally won the bid for the land use rights of the property by means of listing. According to the Transaction Confirmation Letters and a letter issued by Wuhan Land Resources Bureau East Lake Hi-Tech Development Zone Branch (武漢市國土局東湖新技術開發區分局) dated August 8, 2013, Wuhan Financial Harbour Development is entitled to request Wuhan Land Resources Bureau East Lake Hi-Tech Development Zone Branch for signing the Land Grant Contract;

   ii. the Construction Land Planning Permits for portion of the property have been obtained. There exists no substantial legal impediment for Wuhan Financial Harbour Development to obtain the land use rights for the property after the Land Grant Contract has been signed and the land grant fee and other relevant taxes have been fully settled on schedule; and

   iii. Wuhan Financial Harbour Development has fully settled the bid deposit. According to the relevant requirements for auction and listing, such deposit will be used for offsetting the land grant payment.

4. In our valuation, we have assumed average unit rates of about RMB22,000/sq.m. for exhibition centers (1/F), RMB7,600/sq.m. for offices and about RMB7,100/sq.m. for dormitories.

5. In undertaking our valuation of the property, we have made reference to some asking price references of some retail, office and residential developments which have characteristics comparable to the property. The prices of those asking price references are about RMB19,000 to 28,000/sq.m. for retail developments (1/F), about RMB5,300 to 6,800/sq.m. for office developments and about RMB7,500 to 7,700/sq.m. for residential developments. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
22.	Energy Conservation Technology Park (節能科技園), Liufang Industrial Park, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Energy Conservation Technology Park (the "Development") is a business park to be erected on four parcels of land with a total site area of approximately 686,255.35 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 2,235,155.86 sq.m., which accommodates offices and ancillary facilities.	As at the date of valuation, the property was vacant land.	RMB2,388,300,000 (70% interest attributable to the Group: RMB1,671,810,000)

Notes:

1. Pursuant to four Transaction Confirmation Letters (成交確認書) dated March 20, 2012, Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd. ("Energy Conservation Technology Park"), a 70%-owned subsidiary of the Company, has won the bid for four parcels of land with a total site area of 686,255.35 sq.m. at a total consideration of RMB328,164,996.

2. Pursuant to four Construction Land Planning Permits – Di Zi Di Nos. Wu Gui (Dong Kai) Di [2012] Nos. 047 to 050 dated May 22, 2012, Energy Conservation Technology Park is permitted to use four parcels of land with a total site area of 686,255.35 sq.m. for development.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Energy Conservation Technology Park has legally won the bid for the land use rights of the property by means of listing. According to the Transaction Confirmation Letters and a letter issued by Wuhan Land Resources Bureau East Lake Hi-Tech Development Zone Branch (武漢市國土局東湖新技術開發區分局) dated August 8, 2013, Energy Conservation Technology Park is entitled to request Wuhan Land Resources Bureau East Lake Hi-Tech Development Zone Branch for signing the Land Grant Contract;

   ii. the Construction Land Planning Permits for the property have been obtained. There exists no substantial legal impediment for Energy Conservation Technology Park to obtain the land use rights for the property after the Land Grant Contract has been signed and the land grant fee and other relevant taxes have been fully settled on schedule; and

   iii. Energy Conservation Technology Park has fully settled the bid deposit. According to the relevant requirements for auction and listing, such deposit will be used for offsetting the land grant payment.

4. In our valuation, we have assumed an average unit rate of about RMB6,200/sq.m. for offices.

5. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB5,800 to 7,000/sq.m. for office developments. The unit rate assumed by us is consistent with the said sales asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
23.	Portion of Phase III of Wuhan Innocenter (武漢研創中心) (the portion held by Hubei Huisheng), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	Wuhan Innocenter (the portion held by Hubei Huisheng) (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 110,175.50 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 57,155.09 sq.m., which accommodates office and ancillary facilities. The land use rights of the property have been granted for a term expiring on July 6, 2057 for industrial use.	As at the date of valuation, the property was vacant land.	RMB121,800,000 (100% interest attributable to the Group: RMB121,800,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Xia Guo Yong (2008) Di No. 199 dated September 6, 2008, the land use rights of a parcel of land with a site area of 110,175.50 sq.m. have been granted to Hubei Huisheng Technology Development Co., Ltd. ("Hubei Huisheng"), a 100%-owned subsidiary of the Company, for a term expiring on July 6, 2057 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Construction Land Planning Permit – Di Zi Di No. Wu Gui (Xia) Di [2010] 013 dated March 19, 2010, Wuhan Huisheng is permitted to use a parcel of land with a site area of 133,508 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Hubei Huisheng has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate; and

ii. according to the written confirmation from Hubei Huisheng, the property is free from any seizures, mortgages or other kinds of limitations.

4. In our valuation, we have assumed an average unit rate of about RMB7,500/sq.m. for offices.

5. In undertaking our valuation of the property if completed, we have made reference to some recent transactions of the office portion of the property which have characteristics comparable to the property. The prices of those transactions are about RMB7,000 to 7,900/sq.m. for office. The unit rate assumed by us is consistent with the said sales transactions. Due adjustments to the unit rates of those transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
24.	Portion of Phase III of Wuhan Innocenter (武漢研創中心) (the portion held by Wuhan Minghong), Liangshantou Village, Liufang Street, Jiangxia District, Wuhan, Hubei Province, PRC	Wuhan Innocenter (the portion held by Wuhan Minghong) (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 85,613.97 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 57,112.78 sq.m., which accommodates office and ancillary facilities. The land use rights of the property have been granted for a term expiring on July 6, 2057 for industrial use.	As at the date of valuation, the property was vacant land.	RMB180,300,000 (100% interest attributable to the Group: RMB180,300,000)

Notes:

1. Pursuant to the Land Use Rights Certificate – Xia Guo Yong (2007) Di No. 647 dated December 20, 2007, the land use rights of a parcel of land with a site area of 85,613.97 sq.m. have been granted to Wuhan Minghong Technology Development Co., Ltd. ("Wuhan Minghong"), a 100%-owned subsidiary of the Company, for a term expiring on July 6, 2057 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

2. Pursuant to the Construction Land Planning Permit – Di Zi Di No. Wu Gui (Xia) Di [2010] 014 dated March 19, 2010, Wuhan Minghong is permitted to use a parcel of land with a site area of 133,463.3 sq.m. for development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Minghong has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate; and

ii. according to the written confirmation from Wuhan Minghong, the property is free from any seizures, mortgages or other kinds of limitations.

4. In our valuation, we have assumed an average unit rate of about RMB7,500/sq.m. for offices.

5. In undertaking our valuation of the property if completed, we have made reference to some recent transactions of the office portion of the property which have characteristics comparable to the property. The prices of those transactions are about RMB7,300 to 7,600/sq.m. for office. The unit rate assumed by us is consistent with the said sales transactions. Due adjustments to the unit rates of those transactions have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
25.	Portion of Phase I of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	Phase I of Ezhou OVU Science and Technology City (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 413,092.40 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 374,123.19 sq.m., which accommodates offices, dormitories and ancillary facilities. The land use rights of the property have been granted for a term expiring on March 24, 2063 for industrial use.	As at the date of valuation, the property was vacant land.	RMB182,200,000 (80% interest attributable to the Group: RMB145,760,000)

Notes:

1. Pursuant to the following Land Grant Contracts, the land use rights of three parcels of land with a total site area of 413,092.4 sq.m. have been agreed to be granted to Hubei Technology Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator"), a 80%-owned subsidiary of the Company. Details of the contracts are as follows:

No.	Land Parcel No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term	Land Grant Fee *(RMB)*
1.	G (2013) 017	February 5, 2013	141,640.7	Industrial: 50 years	37,700,000
2.	G (2013) 021	February 11, 2013	161,201.8	Industrial: 50 years	42,590,000
3.	G (2013) 016	February 5, 2013	110,249.9	Industrial: 50 years	29,840,000

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of three land parcels with a total site area of 413,092.4 sq.m. have been granted to Hubei Technology Enterprise Accelerator. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
1.	E Zhou Guo Yong (2013) Di No. 2-28	March 25, 2013	141,640.7	Industrial: March 24, 2063
2.	E Zhou Guo Yong (2013) Di No. 2-29	March 25, 2013	161,201.8	Industrial: March 24, 2063
3.	E Zhou Guo Yong (2013) Di No. 2-30	March 25, 2013	110,249.9	Industrial: March 24, 2063

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Hubei Technology Enterprise Accelerator has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates; and

   ii. according to the written confirmation from Hubei Technology Enterprise Accelerator, the property is free from any seizures, mortgages or other kinds of limitations.

4. In our valuation, we have assumed an average unit rate of about RMB3,100/sq.m. for offices.

5. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office developments which have characteristics comparable to the property. The prices of those asking price references are RMB3,300 to 3,700/sq.m. for office developments. The unit rate assumed by us is consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
26.	Portion of Phase I of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase I of Qingdao Optics Valley Software Park (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 211,196.30 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 242,207.53 sq.m., which accommodates offices, dormitories and other ancillary facilities. The land use rights of the property have been granted for a term expiring on February 21, 2062 for industrial use.	As at the date of valuation, the property was vacant land.	RMB444,100,000 (100% interest attributable to the Group: RMB444,100,000)

Notes:

1. Pursuant to the Master Investment Agreement entered into between the Management Committee of Economic and Technology Development District of Qingdao (青島經濟技術開發區管理委員會) ("Management Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on May 23, 2011, Management Committee has agreed in principle to provide four parcels of land with a total site area of approximately 1,988.9 mu to Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of land parcels as stated in the Master Investment Agreement mentioned above.

2. Pursuant to three Land Grant Contracts – Qingdao-01-2011-3073, Qingdao-01-2011-3072 and Qingdao-01-2013-3023 dated between December 12, 2011 and April 12, 2013, the land use rights of three parcels of land with a total site area of 211,196.3 sq.m. have been agreed to be granted to Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a total land grant fee of RMB63,474,935.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Land Grant Contracts mentioned above.

3. Pursuant to the Land Use Rights Certificate – Qing Fang Di Quan Shi Zi Di No. 2013126683 dated October 21, 2013, the land use rights of a parcel of land with a site area of 211,196.3 sq.m. have been granted to Qingdao OVU Development for a term expiring on February 21, 2062 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

4. Pursuant to three Construction Land Planning Permits – Di Zi Di Nos. 370200201217003, 370200201217004 and 370200201317063 dated between January 10, 2012 and July 29, 2013, Qingdao OVU Development is permitted to use three parcels of land with a total site area of 211,196.3 sq.m. for industrial use.

As advised by the Group, the property comprises portion of the land parcels as stated in the Construction Land Planning Permits mentioned above.

5. Pursuant to two Construction Works Planning Permits – Jian Zi Di Nos. 370200201317223 and 370200201317239 dated November 8, 2013 and November 27, 2013 respectively, the approved construction scale of various buildings is 108,395.59 sq.m.

   As advised by the Group, the buildings as stated in the Construction Works Planning Permits mentioned above comprise portion of the property.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Qingdao OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. the property is subject to a mortgage; and

   iii. according to the written confirmation from Qingdao OVU Development, apart from the aforesaid mortgages, the property is free from any seizures, mortgages or other kinds of limitations. In respect of the mortgaged portion, prior written approval has to be obtained before such portion can be let or re-mortgaged.

7. In our valuation, we have assumed average unit rates of about RMB7,300 to 7,700/sq.m. for offices and about RMB7,300/sq.m. for dormitories.

8. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office and residential developments which have characteristics comparable to the property. The prices of those asking price references are RMB11,000/sq.m. for office developments and about RMB7,300 to 8,300/sq.m. for residential. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
27.	Qingdao Innocenter (青島研創中心), West of Jiangshan Road and South of Qiantangjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Qingdao Innocenter (the "Development") is a business park to be erected on two parcels of land with a total site area of approximately 62,285.40 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 148,285.00 sq.m., which accommodates offices, dormitories and other ancillary facilities. The land use rights of the property have been granted and allocated to the Group for industrial and residential uses respectively (please refer to Notes 3 and 4 for details).	As at the date of valuation, the property was vacant land.	RMB140,400,000 (100% interest attributable to the Group: RMB140,400,000)

Notes:

1. Pursuant to the Land Grant Contract – Qingdao-01-2013-3004 dated January 13, 2013, the land use rights of a parcel of land with a site area of 48,072.40 sq.m. have been agreed to be granted to Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB14,469,792.

   As advised by the Group, the land parcel as stated in the Land Grant Contract mentioned above comprises portion of the property.

2. Pursuant to the Construction Land Allocation Letter (國有建設用地劃撥決定書) – Qingdao-02-2012-3024 dated November 22, 2012, the land use rights of a parcel of land with a site area of 14,213.00 sq.m. have been agreed to be allocated to Qingdao OVU Development at an allocation fee of RMB2,151,047.

   As advised by the Group, the land parcel as stated in the Construction Land Allocation Letter mentioned above comprise portion of the property.

3. Pursuant to the Land Use Rights Certificates – Qing Fang Di Quan Shi Zi Di No. 2013106780 dated August 30, 2013, the land use rights of a parcel of land with a site area of 14,213 sq.m. have been allocated to Qingdao OVU Development for residential use.

   As advised by the Group, the land parcel as stated in the Land Use Rights Certificate mentioned above comprises portion of the property.

4. Pursuant to the Land Use Rights Certificate – Qing Fang Di Quan Shi Zi Di No. 2013123282 dated October 21, 2013, the land use rights of a parcel of land with a site area of 48,072.4 sq.m. have been granted to Qingdao OVU Development for a term expiring on January 31, 2063 for industrial use.

   As advised by the Group, the land parcel as stated in the Land Use Rights Certificate mentioned above comprises portion of the property.

5. Pursuant to two Construction Land Planning Permits – Di Zi Di Nos. 370200201217056 and 370200201317062 dated May 30, 2012 and July 29, 2013 respectively, Qingdao OVU Development is permitted to use two parcels of land with a total site area of 62,285.4 sq.m. for affordable housing (public rental housing) and industrial uses respectively.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Qingdao OVU Development has obtained the land use rights of portion of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such land use rights within the land use term and according to the usage as stipulated in the Land Use Rights Certificate mentioned above; and

   ii. Qingdao OVU Development has obtained the land use rights of the remaining portion of the property by means of allocation and is entitled to construct and let the public rental houses. Without obtaining the approval from the relevant Land Resources Bureau, Qingdao OVU Development is not allowed to transfer or mortgage the land parcel or change the land use.

7. In our valuation, we have assumed average unit rates of about RMB7,300 to 8,900/sq.m. for offices and about RMB3,700/sq.m. for dormitories.

8. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office and residential developments which have characteristics comparable to the property. The prices of those asking price references are about RMB11,000/sq.m. for office developments and about RMB8,500 to 9,700/sq.m. for residential developments. The unit rates assumed by us are consistent with the said asking price references transactions. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
28.	Phase I of Qingdao Marine & Science Park (青島海洋科技園), East of Emeishan Road and North of Zhujian Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase I of Qingdao Valley Marine & Science Park (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 150,681.20 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 197,050.00 sq.m., which accommodates exhibition centers, offices, dormitories and other ancillary facilities. The land use rights of the property have been agreed to be granted for two concurrent terms of 50 years for industrial use.	As at the date of valuation, the property was vacant land.	RMB282,700,000 (100% interest attributable to the Group: RMB282,700,000)

Notes:

1. Pursuant to two Land Grant Contracts – Qingdao-01-2012-3033 and Qingdao-01-2013-3069 dated November 16, 2012 and October 17, 2013 respectively, the land use rights of two parcels of land with a total site area of 150,681.2 sq.m. have been agreed to be granted to Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100%-owned subsidiary of the Company, for two concurrent terms of 50 years for industrial use at a total land grant fee of RMB45,053,679.

   As advised by the Company, the land parcels as stated in the Land Use Rights Grant Contracts mentioned above comprise portion of the property.

2. Pursuant to two Construction Land Planning Permits – Di Zi Di Nos. 0200201317065 and 0200201317132 dated August 8, 2013 and November 21, 2013 respectively, Qingdao OVU Development is permitted to use two parcels of land with a total site area of 150,681.20 sq.m. for industrial (type 1) use.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. there exists no substantial legal impediment for Qingdao OVU Development to obtain the land use rights of the property as the Land Grant Contract has been signed and the land grant fee has been fully settled.

4. In our valuation, we have assumed average unit rates of about RMB7,300 to 7,700/sq.m. for offices, RMB3,700 for dormitories and about RMB27,000 for exhibition centers (1/F).

5. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office, residential and retail developments which have characteristics comparable to the property. The prices of those asking price references are about RMB11,000/sq.m. for office developments, about RMB7,300 to 8,300/sq.m. for residential and about RMB30,000 to 34,000/sq.m. for retail developments (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
29.	Phase I of Shenyang Financial Harbour (瀋陽金融港), Cailuo Street, New Shenbei District, Shenyang, Liaoning Province, PRC	Phase I of Shenyang Financial Harbour (the "Development") is a business park to be erected on four parcels of land with a total site area of approximately 246,537.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 415,431.10 sq.m., which accommodates exhibition centers, offices and dormitories. The land use rights of the property have been granted for four concurrent terms expiring on February 4, 2063, February 18, 2063 and March 4, 2063 respectively for industrial use.	As at the date of valuation, the property was vacant land.	RMB575,400,000 (100% interest attributable to the Group: RMB575,400,000)

Notes:

1. Pursuant to four Land Grant Contracts – Nos. 2101132012A0068, 2101132012A0069, 2101132012A0070 and 2101132012A0071 dated between November 19, 2012 and December 5, 2012, the land use rights of four parcels of land with a total site area of 246,537.00 sq.m. have been agreed to be granted to Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a total land grant fee of RMB72,072,426.

2. Pursuant to four Land Use Rights Certificates – Shen Bei Guo Yong (2013) Di Nos. 031 to 034 dated April 8, 2013, the land use rights of four parcels of land with a total site area of 246,537.00 sq.m. have been granted to Shenyang OVU Development for four concurrent terms expiring on February 4, 2063, February 18, 2063 and March 4, 2063 respectively for industrial use.

3. Pursuant to four Construction Land Planning Permits – Di Zi Di Nos 210113201300018, 210113201300019, 210113201300020 and 210113201300021 dated March 27, 2013, Shenyang OVU Development is permitted to use four parcels of land with a total site area of 246,537.00 sq.m. for industrial use.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Shenyang OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights within the land use terms and according to the usage as stipulated in the Land Use Rights Certificates; and

   ii. according to the written confirmation from Shenyang OVU Development, the property is free from any seizures, mortgages or other kinds of limitations.

5. In our valuation, we have assumed average unit rates of about RMB13,000/sq.m. for exhibition centers (1/F) and about RMB6,300/sq.m. for offices.

6. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some retail and office developments which have characteristics comparable to the property. The prices of those asking price references are about RMB16,000 to 25,000/sq.m. for retail developments (1/F) and about RMB4,700 to 7,900/sq.m. for office developments. The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
30.	Hefei Financial Harbour (合肥金融港), South of Nanjing Road and West of Huizhou Avenue, Hefei Binhu New District, Hefei, Anhui Province, PRC	Hefei Financial Harbour (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 114,435.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 643,845.08 sq.m. Details of the uses and approximate gross floor areas of the property are as follows: **Use** — **Approximate Gross Floor Area** *(sq.m.)* Office — 438,173.89 Retail — 25,270.70 Hotel — 24,960.49 Carpark — 154,552.00 Ancillary — 888.00 Total: — **643,845.08** The land use rights of the property have been agreed to be granted for a term of 40 years for commercial and financial uses respectively.	As at the date of valuation, the property was vacant land.	RMB477,500,000 (92% interest attributable to the Group: RMB439,300,000)

Notes:

1. Pursuant to the Land Grant Contract – He Di Bin Hu Jing Ying [2013] No. 146 dated September 2, 2013, the land use rights of a parcel of land with a site area of 114,435.00 sq.m. have been agreed to be granted to Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, for a term of 40 years for commercial and financial uses respectively at a land grant fee of RMB149,337,675.

2. Pursuant to the supplementary agreement dated September 29, 2013, the ownership of the property has been transferred to Hefei Optics Valley Union Development Co., Ltd. ("Hefei OVU Development"), a 92%-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:

   i. as the land grant contract has been signed, there exists no substantial legal impediment for Hefei OVU Development to obtain the land use rights of the property after the land grant fee and other relevant taxes have been fully settled.

4. In our valuation, we have assumed average unit rates of about RMB4,900 to 7,700/sq.m. for offices and about RMB21,000/sq.m. for retail (1/F).

5. In undertaking our valuation of the property if completed, we have made reference to some asking price references of some office and retail developments and carparks which have characteristics comparable to the property. The prices of those asking price references are about RMB6,500 to 6,900/sq.m. for office developments and about RMB20,000 to 23,000/sq.m. for retail (1/F). The unit rates assumed by us are consistent with the said asking price references. Due adjustments to the unit rates of those asking price references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group IV – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
31.	Portion of Phases I to IV of Optics Valley Software Park (光谷軟件園), East of Guanshan Avenue and South of Nanhu South Road, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Optics Valley Software Park (the "Development") is a business park erected on four parcels of land with a total site area of approximately 488,642.52 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phases III and VI of the Development with a total gross floor area of approximately 19,436.98 sq.m., which accommodates student dormitories and ancillary facilities. As advised by the Group, the property was completed in between 2010 and 2012. The land use rights of the property have been granted for four concurrent terms expiring on May 4, 2052, May 6, 2059 and November 30, 2059 respectively for industrial use.	As at the date of valuation, the property was subject to various tenancies with the latest one due to expire in September 2015 at a total monthly rent of approximately RMB200,000.	RMB61,900,000 (100% interest attributable to the Group: RMB61,900,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of four parcels of land with a total site area of 488,642.52 sq.m. have been granted to Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") and Wuhan Optics Valley Software Park Co., Ltd. ("Optics Valley Software Park"), 100%-owned subsidiaries of the Company. Details of the certificates are as follows:

Certificate No.	Grantee	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
Wu Xin Guo Yong (2003) Di No. 023	Wuhan Optics Valley Union	June 2003	363,977.15	Industrial: May 4, 2052

Certificate No.	Grantee	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
Wu Xin Guo Yong (2008) Di No. 029	Wuhan Optics Valley Union	May 10, 2008	58,063.10	Industrial: May 4, 2052
Wu Xin Guo Yong (2009) Di No. 038	Optics Valley Software Park	June 18, 2009	28,677.08	Industrial: May 6, 2059
Wu Xin Guo Yong (2010) Di No. 005	Wuhan Optics Valley Union	January 19, 2010	37,925.19	Industrial: November 30, 2059

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to 41 Title Certificates (武漢市商品房權屬證明書), the building ownership rights of various buildings with a total gross floor area of 72,415.06 sq.m. are vested in Wuhan Optics Valley and Optics Valley Software Park.

   As advised by the Group, the buildings as stated in the Title Certificates mentioned above comprise portion of the property.

3. Pursuant to 75 Records for the Acceptance Examination Upon Project Completion dated between August 12, 2002 and December 25, 2013, the construction works of various buildings with a total gross floor area of 874,430.94 sq.m. have been examined and such examination has been recorded.

   As advised by the Group, the property comprises portion of the buildings as stated in the Records for the Acceptance Examination Upon Project Completion mentioned above.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Optics Valley Union and Optics Valley Software Park have obtained the land use rights of the property and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates;

   ii. Wuhan Optics Valley Union and Optics Valley Software Park have obtained the building ownership rights of the buildings as stated in the Title Certificates (excluding the buildings which have been sold out) and are entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usage of the Title Certificates;

   iii. in respect of the buildings (Student Dormitory Nos. 2 and 3) which have obtained the Records for the Acceptance Examination Upon Completion, there exists no substantial legal impediment for such buildings to obtain the Building Ownership Certificate; and

   iv. according to the written confirmation from Wuhan Optics Valley Union and Optics Valley Software Park, the property is free from any seizures, mortgages or other kinds of limitations.

5. In our valuation, we have assumed an average monthly unit rent of about RMB17/sq.m. for student dormitories.

6. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some residential developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB18 to 27/sq.m. for residential developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
32.	Portion of Phase I of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Hongshan District, Wuhan, Hubei Province, PRC	Optics Valley Financial Harbour (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 526,434.50 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises portion of Phases I of the Development with a total gross floor area of approximately 4,560.60 sq.m., which accommodates dormitories and ancillary facilities. As advised by the Group, the property was completed in between 2012 and 2013. The land use rights of the property have been granted for a term expiring on May 17, 2056 for industrial use.	As at the date of valuation, portion of the property was subject to various tenancies with the latest one due to expire in September 2015 at a total monthly rent of approximately RMB56,000.	RMB26,900,000 (100% interest attributable to the Group: RMB26,900,000)

Notes:

1. Pursuant to the Land Grant Contract dated May 17, 2006 and its relevant investment agreements, the land use rights of a parcel of land with a site area of 145,922.96 sq.m. have been agreed to be granted to Wuhan Optics Valley Financial Harbour Development Co., Ltd. ("OV Financial Harbour Development"), a 100%-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB20,346,412.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the Land Use Rights Certificate – Wu Xin Guo Yong (2009) Di No. 027 dated March 26, 2009, the land use rights of a parcel of land with a site area of 145,855.98 sq.m. have been granted to OV Financial Harbour Development for a term expiring on May 17, 2056 for industrial use.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to 15 Title Certificates (武漢市商品房權屬證明書), the building ownership rights of the property with a total gross floor area of 56,510.10 sq.m. are vested in OV Financial Harbour Development.

   As advised by the Group, the property comprises portion of the buildings as stated in the Title Certificates mentioned above.

4. Pursuant to nine Building Ownership Certificates – Fang Quan Zheng Hu Zi Di Nos. 201011744 to 201011750, 2013016519 and 2013016520, the building ownership rights of various buildings with a total gross floor area of 23,418.04 sq.m. are vested in OV Financial Harbour Development.

   As advised by the Group, the buildings as stated in the Building Ownership Certificates mentioned above comprise portion of the property.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, inter alia, the following information:

   i. OV Financial Harbour Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means (excluding the land portion where the buildings erected thereon have been sold out) dispose of the land use rights within the land use term and according to the usage as stipulated in the Land Use Rights Certificate;

   ii. OV Financial Harbour Development has obtained the building ownership rights of the buildings as stated in the Title Certificates and Building Ownership Certificates (excluding the buildings which have been sold out) and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usage of the Building Ownership Certificates; and

   iii. according to the written confirmation from OV Financial Harbour Development, the property is free from any seizures, mortgages on other kinds of limitations.

6. In our valuation, we have assumed an average monthly unit rent of about RMB28/sq.m. for dormitories.

7. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some residential developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB25 to 32/sq.m. for residential developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
33.	Unit 202, Romantic Town (麗島漫城), No. 46 Guanggu Boulevard, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	Romantic Town (the "Development") is a residential/commercial development erected on three parcels of land with a total site area of approximately 94,432.21 sq.m. and was completed in between 2010 and 2011. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises a retail unit of the Development with a gross floor area of approximately 391.56 sq.m. The land use rights of the property have been granted for three concurrent terms expiring on April 20, 2072 for residential use.	As at the date of valuation, the property was subject to a tenancy agreement expiring on April 30, 2021 at a monthly rent of approximately RMB17,000.	RMB3,500,000 (51% interest attributable to the Group: RMB1,785,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of three parcels of land with a total site area of 94,432.21 sq.m. have been granted to Wuhan Xuefu Property Co., Ltd. ("Wuhan Xuefu"), a 51%-owned subsidiary of the Company, for a term expiring on April 20, 2072 for residential use. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage	Land Use Term Expiry Date
1.	Wu Xin Guo Yong (2005) Di No. 014	March 22, 2005	69,782.51	Residential	April 20, 2072
2.	Wu Xin Guo Yong (2008) Di No. 035	June 25, 2008	21,435.43	Residential	April 20, 2072
3.	Wu Xin Guo Yong (2008) Di No. 036	June 25, 2008	3,214.27	Residential	April 20, 2072

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the Title Certificate (武漢市商品房權屬證明書) – Wu Fang Shang Zheng Hu Zi Di No. 201009706 dated July 19, 2010, the building ownership rights of the property with a gross floor area of 391.56 sq.m. are vested in Wuhan Xuefu for commercial service use.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Xuefu has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates;

   ii. Wuhan Xuefu has obtained the building ownership rights of the buildings as stated in the Title Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Title Certificate; and

   iii. according to the written confirmation from Wuhan Xuefu, the property is free from any seizures, mortgages or other kinds of limitations.

4. In our valuation, we have assumed an average monthly unit rent of about RMB51/sq.m. for retail.

5. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some retail developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB53 to 60/sq.m. for retail developments (1/F). The unit rents assumed by us are consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
34.	Levels 1 to 3, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Property Management), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	North Harbour Business Park (the "Development") is an office development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the office portion of the Development with a total gross floor area of approximately 2,298.02 sq.m.	As at the date of valuation, the property was subject to a tenancy agreement expiring on June 30, 2018 at a monthly rent of approximately RMB69,000.	RMB13,200,000 (100% interest attributable to the Group: RMB13,200,000)

Notes:

1. Pursuant to three Building Ownership Certificates – Wu Fang Quan Zheng Hong Zi Di Nos. 2013017423 to 2013017425 dated between November 29, 2013 and December 4, 2013, the building ownership rights of various buildings with a total gross floor area of 1,835.63 sq.m. are vested in Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management"), a 100%-owned subsidiary of the Company, for industrial, transportation, storage and commodity housing uses.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Lido Property Management has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Building Ownership Certificates.

3. In our valuation, we have assumed an average unit rent of about RMB37/sq.m. for offices.

4. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some office developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB34 to 50/sq.m. for office developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
35.	Levels 2 to 3, North Harbour Business Park (北港工業園) (the portion held by Wuhan Lido Technology), Wenzhi Street, Hongshan District, Wuhan, Hubei Province, PRC	North Harbour Business Park (the "Development") is an office development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the office portion of the Development with a total gross floor area of approximately 1,660.60 sq.m.	As at the date of valuation, portion of the property was subject to a tenancy agreement expiring on December 31, 2013 at a monthly rent of approximately RMB19,000.	RMB9,900,000 (100% interest attributable to the Group: RMB9,900,000)

Notes:

1. Pursuant to four Building Ownership Certificates – Wu Fang Quan Zheng Hong Zi Di Nos. 2013015997, 2013015998, 2013016003 and 2013016004 dated November 15, 2013, the building ownership rights of various buildings with a total gross floor area of 3,683.1 sq.m. are vested in Wuhan Lido Technology Co., Ltd. ("Wuhan Lido Technology"), a 100%-owned subsidiary of the Company, for industrial, transportation, storage and commodity housing uses.

   As advised by the Group, the property comprises portion of he buildings as stated in the Building Ownership Certificates mentioned above.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan Lido Property Management has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Building Ownership Certificates.

3. In our valuation, we have assumed an average monthly unit rent of about RMB37/sq.m. for offices.

4. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some office developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB34 to 50/sq.m. for office developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
36.	Portion of Lido Garden (麗島花園) (the portion held by Wuhan Lido Limited Real Estate), No. 497 Luoshi Road, Luonan Street, Hongshan District, Wuhan, Hubei Province, PRC	Lido Garden (the "Development") is a residential development completed in 2007. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the retail portion of the Development with a total gross floor area of approximately 6,921.98 sq.m. The land use rights of the property have been granted for a term expiring on August 18, 2070 for residential use.	As at the date of valuation, portion of the property was subject to a tenancy expiring on November 30, 2015 at a monthly rent of approximately RMB50,000.	RMB35,300,000 (100% interest attributable to the Group: RMB35,300,000)

Notes:

1. Pursuant to two Building Ownership Certificates – Wu Fang Quan Zheng Hong Zi Di Nos. 200402119 and 200406377 dated March 19, 2004 and May 20, 2004 respectively, the building ownership rights of the property with a total gross floor area of 6,831.98 sq.m. are vested in United Real Estate (Wuhan) Co., Ltd. ("Wuhan United Real Estate"), a 100%-owned subsidiary of the Company, for other and commercial service uses.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Wuhan United Real Estate has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and the corresponding land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of such buildings according to the stipulated usages of the Building Ownership Certificates; and

   ii. according to the written confirmation from Wuhan United Real Estate, the property is free from any seizures, mortgages or other kinds of limitations.

3. In our valuation, we have assumed average monthly unit rents of about RMB22/sq.m. for clubhouse and about RMB38/sq.m. for retail (1/F).

4. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some retail developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB20 to 50/sq.m. for retail developments (1/F). The unit rents assumed by us are consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
37.	Portion of Lido Top View (麗島半山華府), No. 76 Hangzhou West Road, Huangshi Economic Development Zone, Huangshi, Hubei Province, PRC	Lido Top View (the "Development") is a residential/commercial development erected on four parcels of land with a total site area of approximately 122,261.26 sq.m. and was completed in 2010. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. The property comprises the retail portion of the Development with a total gross floor area of approximately 15,462.41 sq.m. The land use rights of the property have been granted for four concurrent terms expiring on August 30, 2045 and November 30, 2046 for commercial use and August 30, 2075 and November 30, 2076 for residential use respectively.	As at the date of valuation, the property was subject to two tenancy agreements with the latest one expiring on September 30, 2019 at a total monthly rent of approximately RMB330,000.	RMB147,500,000 (100% interest attributable to the Group: RMB147,500,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of four parcels of land with a total site area of 122,261.26 sq.m. have been granted to Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development"), a 100%-owned subsidiary of the Company. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage and Land Use Term Expiry Date
1.	Huang Shi Guo Yong (2005) Di No. 478	September 23, 2005	4,835.13	Commercial: August 30, 2045 Residential: August 30, 2075
2.	Huang Shi Guo Yong (2005) Di No. 476	September 23, 2005	52,038.53	Commercial: August 30, 2045 Residential: August 30, 2075
3.	Huang Shi Guo Yong (2006) Di No. 0237	December 7, 2006	17,122.51	Commercial: November 30, 2046 Residential: November 30, 2076
4.	Huang Shi Guo Yong (2006) Di No. 0238	December 12, 2006	48,265.09	Commercial: November 30, 2046 Residential: November 30, 2076

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the following Building Ownership Certificates, the building ownership rights of various buildings with a total gross floor area of 15,462.41 sq.m. are vested in Huangshi OVU Development. Details of the certificates are as follows:

No.	Certificate No.	Issue Date	Gross Floor Area *(sq.m.)*	Usage
1.	Huang Fang Quan Zheng Jing Zi Di No. 201106457	May 30, 2011	2,832.51	Carpark and Storage
2.	Huang Fang Quan Zheng Jing Zi Di No. 201106458	May 30, 2011	3,896.49	Commercial
3.	Huang Fang Quan Zheng Jing Zi Di No. 201106464	May 30, 2011	4,688.47	Commercial
4.	Huang Fang Quan Zheng Jing Zi Di No. 201106465	May 30, 2011	4,044.94	Commercial

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. Huangshi OVU Development has obtained the land use rights of the property and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the land use rights (excluding the land portion where the buildings erected thereon have been sold out) within the land use terms and according to the usages as stipulated in the Land Use Rights Certificates;

   ii. Huangshi OVU Development has obtained the building ownership rights of the buildings as stated in the Building Ownership Certificates and is entitled to occupy, use, let, transfer, mortgage or by other legal means dispose of the buildings according to the stipulated usages of the Building Ownership Certificates;

   iii. according to the written confirmation from Huangshi OVU Development, the property is free from any seizures, mortgages or other kinds of limitations.

4. In our valuation, we have assumed an average monthly unit rent of about RMB59/sq.m. for retail (1/F).

5. In undertaking our valuation of the property, we have made reference to some asking monthly rental references of some retail developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB43 to 48/sq.m. for retail developments. The unit rent assumed by us is consistent with the said asking monthly rental references. Due adjustments to the unit rents of those asking monthly rental references have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

VALUATION CERTIFICATE

Group V – Properties intended to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
38.	Phase II of Creative Capital (創意天地), Mahu Village, Hongshan District, Wuhan, Hubei Province, PRC	Phase II of Creative Capital (the "Development") is a business park to be developed on three parcels of land with a total site area of approximately 184,874.26 sq.m. The immediate locality is a newly-developed area and predominated by commercial and residential buildings of similar of ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 669,599.00 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 2*)

Notes:

1. Pursuant to the Master Investment Agreement entered into between Wuhan City Hongshan District Hongshan Street Mahu Village Villagers' Committee (武漢市洪山區洪山街馬湖村村民委員會) ("Mahu Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on August 19, 2013, Mahu Committee has agreed in principle to provide three parcels of land with a total site area of approximately 277.31 mu to Wuhan Optics Valley Union.

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB972,000,000 (100% interest attributable to the Group: RMB972,000,000).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
39.	Phases II and III of Huangshi OVU Science and Technology City (黃石光谷聯合科技城), Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province, PRC	Phases II and III of Huangshi OVU Science and Technology City (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 313,203.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 485,900.00 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 2*)

Notes:

1. Pursuant to the Master Investment Agreement dated April 28, 2012 and its supplementary agreement entered into between Huangshi Economics Technique Development Zone Management Committee (黃石經濟技術開發區管理委員會) ("Huangshi Committee") and Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development"), a 100%-owned subsidiary of the Company, Huangshi Committee has agreed in principle to provide various parcels of land with a total site area of approximately 750 mu to Huangshi OVU Development.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB352,400,000 (100% interest attributable to the Group: RMB352,400,000).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
40.	Phases II and III of Ezhou OVU Science and Technology City (鄂州光谷聯合科技城), Gaoxin Third Road, Hubei Gedian High-Technology Industrial Development Zone, Ezhou, Hubei Province, PRC	Phases II and III of Ezhou OVU Science and Technology City (the "Development") is a business park to be erected on a parcel of land with a site area of approximately 640,244.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 827,932.00 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 2*)

Notes:

1. Pursuant to the Master Investment Agreement entered into between Hubei Gedian Economics Technical Development Zone Management Committee (湖北省葛店經濟技術開發區管理委員會) ("Gedian Committee") and Hubei Technology Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator"), a 80%-owned subsidiary of the Company, on February 7, 2012, Gedian Committee has agreed in principle to provide various parcels of land with a total site area of 1,580 mu to Hubei Technology Enterprise Accelerator.

   As advised by the Group, the property comprises portion of the land parcels as stated in the Master Investment Agreement mentioned above.

2. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB295,400,000 (80% interest attributable to the Group: RMB236,320,000).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
41.	Phase II of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase II of Qingdao Optics Valley Software Park (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 113,334.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 284,214.00 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 3*)

Notes:

1. Pursuant to the Master Investment Agreement entered into between the Management Committee of Economic and Technology Development District of Qingdao (青島經濟技術開發區管理委員會) ("Management Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on May 23, 2011, Management Committee has agreed in principle to provide four parcels of land with a total site area of approximately 1,988.9 mu to Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of land parcels as stated in the Master Investment Agreement above.

2. As advised by the Group, the property will be held and developed by Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100% owned subsidiary of the Company.

3. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB384,800,000 (100% interest attributable to the Group: RMB384,800,000).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
42.	Phase III of Qingdao Optics Valley Software Park (青島光谷軟件園), South of Fuchunjiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase III of Qingdao Optics Valley Software Park (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 1,000,005.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 2,369,286.30 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 3*)

Notes:

1. Pursuant to the Master Investment Agreement entered into between the Management Committee of Economic and Technology Development District of Qingdao (青島經濟技術開發區管理委員會) ("Management Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on May 23, 2011, Management Committee has agreed in principle to provide four parcels of land with a total site area of approximately 1,988.9 mu to Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of land parcels as stated in the Master Investment Agreement above.

2. As advised by the Group, the property will be held and developed by Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100% owned subsidiary of the Company.

3. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB3,797,400,000 (100% interest attributable to the Group: RMB3,797,400,000).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
43.	Phase II of Qingdao Marine & Science Park (青島海洋科技園), East of Emeishan Road and North of Zhujiang Road, West Coast Economic Development Zone, Qingdao, Shandong Province, PRC	Phase II of Qingdao Ocean Science and Technology Park (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 12,145.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 26,217.50 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 3*)

Notes:

1. Pursuant to the Approval Letter issued by Qingdao Economic Technique Development Zone Development and Reformation Bureau (青島經濟技術開發區發展和改革局) dated May 15, 2012, Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100%-owned subsidiary of the Company, has been agreed to develop public rental housings on the property.

2. As advised by the Group, the property will be held and developed by Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development"), a 100% owned subsidiary of the Company.

3. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB2,000,000 (100% interest attributable to the Group: RMB2,000,000).

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2013
44.	Phase II of Shenyang Financial Harbour (瀋陽金融港), Cailuo Street, New Shenbei District, Shenyang, Liaoning Province, PRC	Phase II of Shenyang Financial Harbour (the "Development") is a business park to be erected on various parcels of land with a total site area of approximately 200,001.00 sq.m. The immediate locality is a newly-developed area and predominated by industrial, commercial and residential buildings of similar ages and heights. According to the latest development proposal provided by the Group, the property will have a gross floor area of approximately 400,002.00 sq.m.	As at the date of valuation, the property was vacant land.	No commercial value (refer to *Note 3*)

Notes:

1. Pursuant to the Master Investment Agreement and its supplementary agreement entered into between Shenyang Puhe New City Management Committee (瀋陽蒲河新城管理委員會) ("Puhe Committee") and Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, on December 31, 2011, Puhe Committee has agreed in principle to provide various parcels of land with a total site area of approximately 2,100 mu to Wuhan Optics Valley Union.

   As advised by the Group, the property comprises portion of the land parcel as stated in the Master Investment Agreement and its supplementary agreement mentioned above.

2. As advised by the Group, the property will be held and developed by Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development"), a 100% owned subsidiary of the Company.

3. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title document as at the date of valuation. Had the Group obtained the proper title documents of the property, the market value of the property as at the date of valuation was in the sum of RMB299,000,000 (100% interest attributable to the Group: RMB299,000,000).

VALUATION CERTIFICATE

Group VI – Properties leased by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
45.	Level 10, Building No. A4, Phase 1, Service Center of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	The property comprises an office unit of a multi-storey office building completed in 2010. The floor area of the property is approximately 2,042.56 sq.m.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Du Gaofeng (杜高峰), Liu Weiqi (劉緯奇), Wu Xin (吳鑫), Ruan Yixiao (阮奕瀟) and Guo Hong (郭紅) (the "lessors") for a term commencing on January 1, 2013 and expiring on December 31, 2014 at a monthly rent of RMB98,042.88 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and Wuhan Optics Valley Union is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessors are entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and Wuhan Optics Valley Union may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
46.	Portion of Level 9, Building No. A4, Phase 1, Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	The property comprises an office unit of a multi-storey office building completed in 2010. The floor area of the property is approximately 1,021.28 sq.m.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Wuhan Jitian Construction Co., Ltd. ("Wuhan Jitian Construction"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Ke Zunfu (柯尊富) (the "lessor") for a term commencing on August 1, 2011 and expiring on July 31, 2015 at a monthly rent of RMB38,808.64 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and Wuhan Jitian Construction is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessor is entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and Wuhan Jitian Construction may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
47.	Portion of Level 9, Building No. A4, Phase 1, Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	The property comprises an office unit of a multi-storey office building completed in 2010. The floor area of the property is approximately 1,021.28 sq.m.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Wuhan Optics Valley Union Architectural Design Institute Co., Ltd. ("OVU Architectural Design Institute"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Ke Zunfu (柯尊富) (the "lessor") for a term commencing on August 1, 2011 and expiring on July 31, 2015 at a monthly rent of RMB38,808.64 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and OVU Architectural Design Institute is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessor is entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and OVU Architectural Design Institute may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
48.	Unit 202, Building No. A3, Phase 1.1, Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	The property comprises an office unit of a multi-storey office building completed in 2010. The floor area of the property is approximately 500.00 sq.m.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Wuhan Optics Valley Energy Conservation Technology Co., Ltd. ("OV Energy Conservation Technology"), a 80%-owned subsidiary of the Company, under a tenancy agreement from Xiao Min (肖敏) and Zhang Jingxuan (張婧軒) (the "lessors") for a term commencing on July 30, 2011 and expiring on July 30, 2016 at a monthly rent of RMB20,900 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and OV Energy Conservation Technology is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessors are entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and OV Energy Conservation Technology may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
49.	Room 501, Unit 3, Building No.3, Changjiangwei Shanghuapo Residential Zone (長江委上滑坡小區), No.18 Gongnongbing Road, Jiangan District, Wuhan, Hubei Province, PRC	The property comprises an office unit of a multi-storey office building completed in 2004. The floor area of the property is approximately 128.71 sq.m.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Guo Haijin (郭海晉) (the "lessor") for a term commencing on July 1, 2013 and expiring on June 30, 2014 at a monthly rent of RMB2,950 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and Wuhan Lido Property Management is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessor is entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and Wuhan Lido Property Management may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
50.	Workshop No. 1, North of an industrial complex located in Green World Group Industrial Zone (綠世界集團園區), Guannan Industrial Zone (關南工業園), Hongshan District, Wuhan, Hubei Province, PRC	The property comprises a workshop unit of an industrial development completed in 2002. The floor area of the property is approximately 4,000.00 sq.m.	The property is occupied by the Group for workshop and office uses.	No commercial value

Notes:

1. The property is rented by Wuhan Lido Curtain Wall Manufacture Co., Ltd. ("Wuhan Lido Curtain Wall"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Wuhan Houjin Environmental New Material Co., Ltd. (武漢厚瑾環保新材料有限公司) (the "lessor") for a term commencing on November 15, 2013 and expiring on November 14, 2014 at a monthly rent of approximately RMB41,667 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and Wuhan Lido Curtain Wall is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessor is entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and Wuhan Lido Curtain Wall may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
51.	Units 1804 and 1805, Northeast Media and Culture Plaza (東北傳媒文化廣場), No. 356 Youth Avenue, Heping District, Shenyang, Liaoning Province, PRC	The property comprises two office units of a multi-storey office building completed in 2011. The total floor area of the property is approximately 483.81 sq.m.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Liaoning Post Media Group Co., Ltd. (遼寧日報傳媒集團有限公司) (the "lessor") for a term commencing on September 1, 2012 and expiring on August 31, 2014 at a monthly rent of approximately RMB40,882.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and Shenyang OVU Development is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessor is entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and Shenyang OVU Development may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Market value in existing state as at December 31, 2013
52.	Various dormitories of Optics Valley Financial Harbour (光谷金融港), No. 77 Guanggu Avenue, East Lake Hi-Tech Development Zone, Wuhan, Hubei Province, PRC	The property comprises various dormitories completed in 2010. The total floor area of the property is approximately 45,969.90 sq.m.	The property is sub-leased to other parties by the Group.	No commercial value

Notes:

1. The property is rented by Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union"), a 100%-owned subsidiary of the Company, under a tenancy agreement from Wuhan Donghu New Technique Development Zone Dashu Village Villagers' Committee (武漢東湖新技術開發區大舒村村民委員會) (the "lessor") for a term commencing on March 1, 2012 and expiring on February 28, 2022 at an annual operation and management fee of RMB8,274,576 as at the date of valuation.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following information:

   i. the tenancy agreement is legal, valid and enforceable and Wuhan Optics Valley Union is entitled to occupy or use the property according to the requirements stipulated in the tenancy agreement;

   ii. the lessor is entitled to let the property according to the Building Ownership Certificate, Sales and Purchase Agreement or other construction documents; and

   iii. the tenancy agreement has not been registered and Wuhan Optics Valley Union may be subject to a fine of not more than RMB10,000. However, the non-registration of the tenancy agreement will not affect its validity.

PART 1 LAWS AND REGULATIONS RELATING TO REAL ESTATE DEVELOPMENT

A. Establishment of a Real Estate Developer

(a) General Regulations

According to the "Law on Administration of Urban Real Estate of the People's Republic of China" (《中華人民共和國城市房地產管理法》, the "Urban Real Estate Law") promulgated by the Standing Committee of the National People's Congress on July 5, 1994, becoming effective in January 1995, and amended in August 2007 and August 2009 respectively, real estate development refers to the act of constructing infrastructure and buildings on state-owned land, the land use rights of which have been legally acquired; and a real estate developer is defined as an enterprise which engages in the development and operation of real estate for the purpose of making profits. Under the "Administrative Regulations on Urban Real Estate Development and Operation" (《城市房地產開發經營管理條例》, the "Development and Operation Regulations") promulgated by the State Council on July 20, 1998 and revised on January 8, 2011, an enterprise which is to engage in the development of real estate shall satisfy the following requirements:

- its registered capital shall be RMB 1 million or more; and
- it shall have four or more full-time professional real estate/construction technicians and two or more full-time accountants, each of whom shall hold the relevant qualification certificate.

According to the Development and Operation Regulations, the People's Government of a province, autonomous region or municipality directly under the Central Government may, based on local circumstances, impose more stringent requirements than the preceding clauses over the registered capital and professional technicians of a real estate developer. According to the "Regulations on Administration of Development of Urban Real Estate of Hubei Province" (《湖北省城市房地產開發經營管理辦法》) promulgated by the People's Government of Hubei Province on November 19, 1999, in addition to the requirements stipulated by relevant laws and regulations, an enterprise which is to engage in the development of real estate shall also satisfy the following requirements:

- its registered capital shall be RMB 2 million or more; and
- it shall have four or more full-time professional real estate or civil engineering technicians, one or more full-time construction or real estate managers and two or more full-time accountants, each of whom shall hold the relevant qualification certificate.

According to the Development and Operation Regulations, to establish a real estate developer, an application for registration shall be submitted to the administration for industry and commerce. The real estate developer shall also file its establishment with the competent authority of real estate development in the location of its registration within 30 days upon obtaining its business license. Establishment of a foreign-invested enterprise engaging in real estate development and sale shall also go through the relevant review and approval procedures in accordance with the PRC laws and regulations on foreign-invested enterprises.

The minimum proportion of capital fund in real estate development projects (excluding affordable housing projects) was raised to 35% or more under the "Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects of Certain Industries" (《關於調整部分行業固定資產投資項目資本金比例的通知》) issued by the State Council on April 26, 2004. In May 2009, the State Council issued the "Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects" (《關於調整固定資產投資項目資本金比例的通知》) to reduce such proportion to 20% for ordinary commodity housing projects (普通商品住房項目) and indemnificatory housing projects (保障性住房項目) and 30% for other real estate development projects.

(b) Foreign-Invested Real Estate Developers

Under the "Catalogue of Industries for Guiding Foreign Investment" (《外商投資產業指導目錄》) promulgated by MOFCOM and NDRC on December 24, 2011 and becoming effective on January 30, 2012,

- the development of tracts of land (limited to equity joint ventures and cooperative joint ventures) falls within the category of industries in which foreign investment is subject to restrictions;

- the construction and operation of high-class hotels, high-class office buildings and international exhibition centers falls within the category of industries in which foreign investment is subject to restrictions;

- real estate secondary market transactions and real estate intermediaries or brokers fall within the category of industries in which foreign investment is subject to restrictions;

- the construction and operation of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and

- other real estate development falls within the category of industries in which foreign investment is permitted.

Subject to approval by the relevant foreign investment administration authorities, a foreign investor intending to engage in the development and operation of real estates shall establish an equity joint venture, a cooperative joint venture or a wholly-owned foreign enterprise in accordance with the PRC laws and administrative regulations on foreign-invested enterprises.

On April 6, 2010, the State Council issued the "Opinions on Further Enhancing the Utilization of Foreign Capital" (《關於進一步做好利用外資工作的若干意見》), which provides that projects with a total investment amount (including increase in capital) of less than US$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the "Catalogue of Industries for Guiding Foreign Investment" (《外商投資產業指導目錄》) shall, other than those that are subject to the approval of relevant departments of the State Council under the requirements of the "Catalogue of Investment Projects Approved by the Government" (《政府核准的投資項目目錄》), be subject to the approval of relevant departments of local governments.

On May 4, 2010, NDRC issued the "Circular on Properly Delegating the Authority to Approve Foreign-invested Projects" (《關於做好外商投資項目下放核准權限工作的通知》). Under the circular, projects with a total investment amount (including increase in capital) of less than US$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalogue of Industries for Guiding Foreign Investment and originally subject to the approval of NDRC shall, other than those that are subject to the approval of relevant departments of the State Council under the requirements of the Catalogue of Investment Projects Approved by the Government, be subject to the approval of the development and reform commissions at the provincial level. In particular, the authority to approve projects within the category of industries under restriction as set out in the Catalogue of Industries for Guiding Foreign Investment is not to be delegated for the time being.

On June 10, 2010, MOFCOM released the "Circular on Issues Concerning Delegating the Review and Approval Authority for Foreign Investment" (《關於下放外商投資審批權限有關問題的通知》). Under the circular, local competent authorities of commerce shall be responsible for the approval and management of the establishment and alteration of foreign-invested enterprises within the encouraged and permitted categories under the Catalogue of Industries for Guiding Foreign Investment with a total investment amount of US$300 million or less and within the restricted category under the Catalogue of Industries for Guiding Foreign Investment with a total investment amount of US$50 million or less; the local approval authorities shall be responsible for the approval and management of single increase of capital with an amount less than the above.

On July 11, 2006, MOC, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the "Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market" (《關於規範房地產市場外資准入和管理的意見》). According to the opinions, a foreign investor shall meet the following requirements in order to invest in the real estate market in China:

- A foreign entity or individual purchasing non-self-occupied properties in China shall, subject to the principle of commercial existence, apply for the establishment of a foreign-invested enterprise pursuant to the regulations on foreign investment in real estate, and may only conduct relevant operations within the approved business scope after obtaining approval from the relevant government authorities and completing the relevant registrations.

- If the total investment amount of a foreign-invested real estate developer exceeds or equals to US$10 million, the registered capital shall not be less than 50% of the total investment amount. If the total investment amount is less than US$10 million, the prevailing regulations on the registered capital shall apply.

- The establishment of a real estate enterprise shall be legally approved by the competent administration of commerce and the administration for industry and commerce, which will conduct the registration procedures and issue the Foreign-Invested Enterprise Approval Certificate and business license for a term of one year. After fully settling the land premium, the enterprise may apply for the certificate of state-owned land use right from the administration of land with the above certificates. With the certificate of state-owned land use right, the enterprise may apply for the formal Foreign-Invested Enterprise Approval Certificate from the competent administration of commerce, and then apply for a business license with an operation term in line with that of the Foreign-Invested Enterprise Approval Certificate from the administration for industry and commerce, and apply for tax registration with the tax authorities.

- Transfer of projects of or equities in a foreign-invested real estate developer and the merger and acquisition of a domestic real estate developer by a foreign investor shall be approved by the competent administration of commerce in strict compliance with the relevant laws, regulations and policies. The investor shall submit: (a) a letter of guarantee pledging to comply with the state-owned land use right grant contract, the construction land planning permit and the construction project planning permit, etc.; (b) the certificate of state-owned land use right; (c) the proof of change of registration issued by the relevant competent construction and real estate administrations; and (d) the proof of tax payment issued by the relevant tax authorities.

- A foreign investor merging and acquiring a domestic real estate enterprise by way of equity transfer or other means, or acquiring a domestic investor's equity interests in joint ventures, shall make proper arrangements for the real estate enterprise's employees and bank loans, and pay all transfer fee in a lump sum with its own capital. Foreign investors with unfavorable records are prohibited from carrying out such activities in China.

On August 14, 2006, the General Office of the MOFCOM issued the "Circular Concerning the Implementation of the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market" (《關於貫徹落實<關於規範房地產市場外資准入和管理的意見>有關問題的通知》). The circular requires that the registered capital of a foreign-invested real estate enterprise ("FIREE") shall be not less than 50% of its total investment if its total investment exceeds US$3 million and not less than 70% of its total investment if its total investment is US$3 million or less. A foreign investor merging and acquiring a domestic real estate enterprise by way of equity transfer or other means shall make proper arrangements for the real estate enterprise's employees and bank loans, and pay all transfer fee in a lump sum with its own capital within 3 months after the date of issuance of business license for the foreign-invested enterprise.

On May 23, 2007, the MOFCOM and the SAFE jointly issued the "Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investments in the Real Estate Industry" (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》, the "No. 50 Circular"). According to the circular,

- The local competent authorities of commerce shall reinforce the approval and supervision of FIREEs, and strictly control foreign investors from investing in high-class real estate development projects.

- Foreign investors applying for the establishment of real estate enterprises shall first obtain land use rights and real estate or building ownership, or have entered into pre-contract purchase agreements with the relevant administrations of land, land developers or the owners of the real estate or building, otherwise the establishment will not be approved by approval authorities.

- Existing foreign-invested enterprises which intend to expand into real estate development or operation and existing FIREEs which intend to engage in the development and operation of new real estate projects shall go through the relevant procedures with approval authorities.

- The merger and acquisition of domestic real estate enterprises by means of round trip investment (including those with the same de facto controller) is strictly controlled. Foreign investors shall not avoid the examination and approval of foreign investment in real estates by changing the de facto controllers of domestic real estate enterprises.

- The Chinese or foreign investors in FIREEs are prohibited from reaching any term on fixed return or disguised fixed return in any form.

- A local approval authority shall promptly file with the MOFCOM after approving the establishment of a foreign-invested real estate company. Local administrations of foreign exchange and designated foreign exchange banks shall not go through formalities for foreign exchange settlement and sale under capital accounts of the FIREEs which fail to file with the MOFCOM or pass the joint annual inspection on foreign-invested enterprises.

The General Affairs Department of SAFE issued the "Circular Concerning the Distribution of the List of the First Foreign-Invested Real Estate Projects Having Passed the Filing Procedures of the Ministry of Commerce" (《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》, "No. 130 Circular") on July 10, 2007 to further restrict foreign investment in the real estate sector in China. According to the No. 130 Circular,

- SAFE or its branches shall not go through the formalities of foreign exchange registration (or alteration) or settlement and sale under the capital accounts for FIREEs (including new establishment and increase in capital) which were granted approval certificates by the competent authority of commerce but have not filed with MOFCOM on or after June 1, 2007; and

- SAFE or its branches shall not approve the foreign debt registration or settlement for FIREEs which were granted approval certificates by the competent authority of commerce and have filed to MOFCOM for record on or after June 1, 2007.

Although this notice has been repealed in May 2013, the restrictions and requirements remain in effect.

On June 18, 2008, MOFCOM issued the "Circular on Properly Handling the Filing of Foreign Investment in the Real Estate Sector" (《關於做好外商投資房地產業備案工作的通知》, "No. 23 Circular"), which has become effective on July 1, 2008. According to the No. 23 Circular:

- MOFCOM entrusts provincial competent authorities of commerce to verify the filing materials of FIREEs;

- the establishment (including increase in capital) of a FIREE shall comply with the project company principle, and the business of the FIREE is limited to a single approved real estate project only.

On August 29, 2008, SAFE issued the "Circular on Issues Relating to the Improvement of Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises" (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》, "No. 142 Circular"). According to the No. 142 Circular, RMB funds derived from foreign exchange capital settlement of a foreign-invested enterprise shall be used within the business scope approved by the governmental approval authority and, unless otherwise provided for, shall not be used for any domestic equity investment. Foreign-invested enterprises other than FIREEs shall not purchase non-self-occupied domestic real estates with RMB funds derived from foreign exchange capital settlement.

On November 22, 2010, MOFCOM promulgated the "Circular on Strengthening Administration of the Approval and Filing of Foreign Investment in the Real Estate Sector" (《關於加強外商投資房地產業審批備案管理的通知》), which provides that a real estate enterprise established in China with foreign capital is prohibited from arbitraging by purchasing and selling domestic properties which have been completed or which are under construction; local competent authorities of commerce shall not approve investment companies engaging in real estate development and operation, and shall strictly control the establishment of real estate enterprises in China by way of round-trip investment.

B. Qualifications of Real Estate Developers

Under the "Provisions on Administration of Qualifications of Real Estate Developers" (《房地產開發企業資質管理規定》, the "Provisions on Administration of Qualifications") promulgated by MOC (currently known as MOHURD) on March 29, 2000, a real estate developer shall apply for classification of its qualifications according to the Provisions on Administration of Qualifications. An enterprise shall not engage in real estate development without a qualification classification certificate for real estate development. MOC is in charge of the management of qualifications of real estate developers nationwide, and local competent real estate development authorities at county level or above are in charge of the management of qualifications of real estate developers within their administrative divisions. In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes:

- Class 1 qualifications are subject to preliminary examination of the construction authorities at provincial level and final approval of MOC. A real estate developer with class 1 qualification is not restricted as to the construction scale of real estate projects undertaken and may undertake real estate projects nationwide.

- Class 2 or lower qualifications are subject to the approval of local competent construction authorities. A real estate developer with class 2 or lower qualifications may undertake projects with GFA of less than 250,000 sq.m., the specific scope of which is to be determined by the competent construction authorities at provincial level. Under the "Implementation Rules on Administration of Qualifications of Real Estate Developers of Hubei Province" (《湖北省房地產開發企業資質管理實施細則》) issued by the Office of Construction of Hubei Province on July 27, 2000, a real estate developer with class 2 qualification may undertake construction projects with GFA of less than 250,000 sq.m. and may undertake real estate projects within the whole province; a real estate developer with class 3 qualification may undertake construction projects with GFA of less than 100,000 sq.m. and may undertake real estate projects within the city (state) where it locates; and a real estate developer with class 4 qualification may undertake construction projects with less than eight floors and GFA of less than 40,000 sq.m. and may undertake real estate projects within the city district (county/city) where it locates.

Under the Development and Operation Regulations, the competent real estate development authorities shall determine the qualification class of real estate developers by considering their assets, professional technicians as well as development and business achievements, etc.

According to the Provisions on Administration of Qualifications:

- Real estate developers that have passed the qualification examination will be issued a qualification certificate of the corresponding class by the qualification examination authority. Enterprises at each qualification class may only engage in the development and operation of real estate within their approved scope of business and shall not engage in businesses which are beyond their classes.

- A newly established real estate developer shall apply to and file with the competent real estate development authorities within 30 days from the date of receiving its business license. The competent real estate development authorities shall, within 30 days after receiving the above filing, issue a provisional qualification certificate to the eligible enterprise. The provisional qualification certificate is valid for one year and may be extended for not more than two years upon the approval of the competent real estate development authorities. A real estate developer shall apply for qualification classification from the competent real estate development authorities within one month before the expiration of the provisional qualification certificate.

- The qualification of a real estate developer shall be reviewed annually.

C. Development of a Real Estate Project

(a) Land for real estate development

On April 12, 1988, the National People's Congress amended the "Constitution" (《憲法》), permitting the legal transfer of land use right. On December 29, 1988, the Standing Committee of the National People's Congress amended the "Land Administration Law" (《土地管理法》), permitting the legal transfer of land use right.

Under the "Interim Regulations on Grant and Assignment of the State-owned Urban Land Use Right of the People's Republic of China" (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), the "Interim Regulations on Grant and Assignment") promulgated by the State Council on May 19, 1990, China adopts a system of granting and assigning state-owned land use right. A land user shall pay a land premium to the State as the consideration for the grant of the land use right by the State for a specified period of time, during which the land user may assign, lease, mortgage or otherwise commercially exploit the land use right. Under the Urban Real Estate Law and the Interim Regulations on Grant and Assignment, the land administration authorities at city or county level shall enter into a land grant contract with the land user to grant land use right. The land user shall pay the land premium as stipulated by the land grant contract. After paying the land premium in full, the land user may register with the land administration authorities and obtain a land use right certificate evidencing the acquisition of land use right.

The Urban Real Estate Law and the Development and Operation Regulations provide that the land use right of land for real estate development must be obtained through grant, except for land use rights which may be obtained through premium-free allocation pursuant to the provisions of the PRC laws or the administrative regulations of the State Council.

On September 24, 2003, MLR promulgated the "Circular on Strengthening Land Supply Management and Promoting the Sustainable Sound Development of the Real Estate Market" (《關於加強土地供應管理促進房地產市場持續健康發展的通知》), which provides that land supply for high-class commodity housing shall be strictly controlled. On May 30, 2006, MLR promulgated the "Urgent Circular on Further Tightening Land Administration" (《關於當前進一步從嚴土地管理的緊急通知》), which provides that land for real estate development must be granted via tender, auction and listing; priority is given to the land supply for low to medium-priced and small to medium-sized ordinary commodity residential housing (including affordable housing) and low-rent residential housing, while strict restriction is imposed on the land supply for low-density or large-sized residential housing. In addition, the circular provides that land supply for villa real estate development projects shall be suspended.

On August 31, 2006, the State Council promulgated the "Circular on Strengthening Land Control" (《關於加強土地調控有關問題的通知》). The circular requires to establish a system for uniformly publicizing the minimum rate standards of industrial land grant to uniformly formulate and publicize the minimum rate standards of industrial land grant in all localities. The minimum rate standards of industrial land grant shall not be less than the sum of the cost of obtaining the land, the preliminary cost of land development and the related expenses collected as required. The industrial land must be transferred by way of tender, auction or listing at a price not less than the minimum rates as publicized.

Under the "Rules Regarding the Grant of State-Owned Land Use Right By Way of Tender, Auction and Listing" (《招標拍賣掛牌出讓國有土地使用權規定》) which was promulgated by MLR on May 9, 2002 and implemented from July 1, 2002, land for operational purposes, such as business, tourism, entertainment and commercial residential housing, shall be granted through tender, auction or listing. On September 28, 2007, MLR promulgated the "Rules Regarding the Grant of Right to Use State-Owned Construction Land By Way of Tender, Auction and Listing" (《招標拍賣掛牌出讓國有建設用地使用權規定》), which were effective from November 1, 2007. The Rules further clarify the procedures for the grant of land use right by way of tender, auction and listing. Moreover, pursuant to the Rules, land for operational purposes such as industry (including warehouse land, but excluding mining land), business, tourism, entertainment and commercial residential housing, and a land parcel with two or more potential users must be granted by way of tender, auction or listing. The grantee of land use right may only have the land registered and obtain the land use right certificate after full settlement of the land premium as specified in the relevant land grant contract. No land use right certificate shall be issued before full settlement of the land premium or in proportion to the land premium paid.

On September 30, 2007, MLR issued the "Circular on Implementation of the State Council's Certain Opinions on Resolving Housing Difficulties of Urban Low Income Families By Further Strengthening Control of Land Supply" (《關於認真貫徹<國務院關於解決城市低收入家庭住房困難的若干意見>進一步加強土地供應調控的通知》) to further enhance the control of land supply. The circular provides that the annual total supply of the land to be developed for low-rent housing, affordable housing and ordinary commodity housing at low-to-medium price and of small-to-medium size must be not less than 70% of the total supply of land for residential housing; the land and resources authorities shall reasonably control the size of each land parcel, shorten the development cycle of the land (the development and construction period of each land parcel shall be no longer than three years in principle) and increase the total amount of land supply, in order to prevent "land enclosure" in large scale by real estate developers. Real estate enterprises which fail to commence and complete construction according to the terms of the relevant land grant contract and rectify the situation within the specified period are prohibited from purchasing new land by tender, auction or listing.

On January 3, 2008, the State Council issued the "Circular on Promoting the Economical and Intensive Use of Land" (《關於促進節約集約用地的通知》), which provides that for land currently used for industrial purpose, under the precondition that it accords with the relevant planning and that the use of land is not changed, if the land utilization ratio and the plot ratio are increased, no additional land fee should be collected. For newly added land for industrial purpose, control indicators should be further enhanced and no additional land fee should be collected for any part that the GFA of a plant exceeds the control indicators for the plot ratio of such plant. The land user and land fee for land used for industrial and operational purposes must be determined by way of tender, auction or listing.

On May 11, 2009, MLR issued the "Circular on Adjusting the Minimum Rate Standards for Industrial Land Grant" (《關於調整工業用地出讓最低價標準實施政策的通知》). According to the Circular, for industrial projects which fall within the category of priority industries of the provinces (districts/cities) with an intensive use of land, the base price for land grant may be determined at a level of not less than 70% of the price standard for the class of land where they locate. The base price for industrial land grant shall not be less than the sum of the cost of obtaining the land, the preliminary cost of land development and the related expenses collected as required.

On August 10, 2009, MLR and MOS promulgated the "Circular on Further Implementing the Industrial Land Grant System" (《關於進一步落實工業用地出讓制度的通知》). The circular provides that the industrial land shall be granted through tender, auction or listing. During the industrial land grant period, the grantee may increase the plot ratio without paying any additional land premium upon approval, provided that such increase conforms with the plan and that the use of land is not changed.

MOF, MLR, PBOC, MOS and NAO issued the "Circular on Further Tightening Control over Income and Expenses of Land Grant" (《關於進一步加強土地出讓收支管理的通知》) on November 18, 2009. According to the circular, the term of payment by installment for land premium as stipulated in the land grant contract shall not exceed one year in principle or, in the case of special projects, the payment shall be fully settled within two years as collectively decided by local land grant coordination and decision-making authorities. The down payment shall not be less than 50% of the land premium.

On March 8, 2010, MLR promulgated the "Circular Concerning Issues on Strengthening Real Estate Land Supply and Supervision" (《關於加強房地產用地供應和監管有關問題的通知》) to strictly regulate the grant of land for commodity housing. According to the circular,

- the supply of land for affordable housing, rebuilt shanty areas and small-to-medium sized self-occupied commodity housing shall not be less than 70% of the total land supply for residential housing construction. Land supply for large-sized residential housing construction shall be strictly controlled, and land supply for villas shall be suspended.

- the area of a single land parcel granted for commodity housing shall be strictly controlled.

- the minimum price of land grant shall not be less than 70% of the benchmark price of the class where the land parcel being granted is located, and the bidding deposit shall not be less than 20% of the minimum grant price.

- after a land grant deal is closed, a land grant contract shall be signed within 10 working days therefrom. The first installment, which is 50% of the grant price, shall be paid within one month after signing the contract, while the remaining payment shall be made in time in accordance with the contract, which shall not be later than one year.

On September 21, 2010, MLR and the MOHURD jointly released the "Circular on Further Strengthening Administration and Control over Land Utilization and Construction of Real Estate" (《關於進一步加強房地產用地和建設管理調控的通知》) to tighten the examination of qualifications of land bidders. The circular specifies that when a bidder takes part in the bidding, auction or listing of the granted land, the competent department of land and resources shall, in addition to requiring effective certificate of identity and payment of the tender (bid) deposit, require an undertaking letter stating that the tender (bid) deposit is not sourced from any bank loan, shareholders' borrowing, on-lending or fund-raising as well as a credit certificate issued by a commercial financial institution. Where a bidder is found to have violated the laws, regulations or contracts as follows, the competent department of land and resources shall forbid the bidder and his controlling shareholders from participating in land bidding activities: (1) committing crimes, such as forgery of instruments with an aim of obtaining the land by deception and illegal re-sale of the land; (2) conducting illegal activities, such as illegal transfer of land use right; (3) leaving the land idle for more than one year for developer's own reasons; (4) where the development and construction enterprise develops and utilizes the land in violation of the conditions stipulated in the grant contract. Besides, the grant of two or more bundled land parcels or uncleared lands (毛地) is prohibited.

On December 19, 2010, MLR issued the "Circular on Issues Concerning Strict Implementation of Real Estate Land Control Policies and Promotion of Healthy Development of the Land Market" (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》). According to the circular, where a bidder and his controlling shareholders are found to act in violation of relevant laws, regulations and contracts, such as forging instruments with an aim of obtaining the land by deception, illegally reselling the land, illegally transferring land use right, leaving the land idle for more than one year for developer's own reason and developing and utilizing the land in violation of the conditions stipulated in grant contracts, they shall not pass the bidding qualification examination. Arbitrary adjustment of the plot ratio shall be stopped firmly. Where plot ratio adjustment is approved in line with relevant laws, the competent departments of land and resources at city or county level shall determine the land premium differences to be paid on the basis of the land value in terms of per unit floorage in the land market at the time when the adjustments are approved.

On May 13, 2011, MLR issued the "Opinions on Maintaining and Improving the System for the Grant of Land by way of Tender, Auction and Listing" (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》). According to the opinions, on the basis of determining the base price of land grant in accordance with the law, factors affecting the development and utilization of land, such as land price and time of payment, development and construction cycle, construction requirements, degree of economical and intensive use of land and performance of previous grant contracts by the enterprises, shall be taken as bid evaluation conditions.

On March 16, 2012, MLR issued the "Opinions on Promoting the System of the Economical and Intensive Use of Land" (《關於大力推進節約集約用地制度建設的意見》), which require maintaining and improving the system for the grant of land by way of tender, auction and listing. Land use should be determined by planning and the land premium and land user should be determined by market competition. Policies encouraging the economical and intensive use of industrial land should be encouraged, and the requirement that no additional land premium will be charged when enhancing the utilization ratio and plot ratio of industrial land should be improved. A land pricing policy for priority industries is adopted. For industrial projects which fall within the category of priority industries of the provinces (districts/cities) with an intensive use of land, the base price may be determined at a level of not less than 70% of the "Minimum Rate Standards for Industrial Land".

On May 23, 2012, MLR and NDRC jointly issued the "Catalogue of Restricted Use of Land (2012 Version)" (《限制用地項目目錄(2012年本)》) and the "Catalogue of Prohibited Use of Land (2012 Version)" (《禁止用地項目目錄(2012年本)》). According to the above catalogues, the area of a parcel of land granted for residential project shall be no more than 7 hectares in small cities and designated towns, 14 hectares in medium cities or 20 hectares in large cities; the plot ratio shall not be lower than 1.0 (1.0 included); real estate development projects for villas and golf courses shall fall into the category of prohibited use of land.

(b) Real estate project development

i. Commencement of a real estate project and idle land

In accordance with the "Measures for Administration of Examination and Approval of Construction Land" (《建設用地審查報批管理辦法》) promulgated by MLR on March 2, 1999 and amended in November 2010, and the "Measures for Administration of Preliminary Examination of Construction Project land" (《建設項目用地預審管理辦法》) promulgated by MLR on July 25, 2001, and amended on November 1, 2004 and November 29, 2008 respectively and taking effect from January 1, 2009, the constructor or developer must make a preliminary application for the construction land to the relevant competent land administration authorities. After receiving the preliminary application, the competent land administration authorities shall carry out preliminary examination on matters related to the construction project in compliance with the overall land utilization plans and national land supply policy. The competent land administration authorities at city or county level will sign a land grant contract with the land user and issue an Approval Certificate for Construction Land to the constructor or developer.

According to the Urban Real Estate Law, those who obtain land use right for real estate development by grant must develop the land according to the purposes and within the development time frame as agreed under the land use right grant contract. These who fail to commence development of the land within one year from the construction commencement date stipulated in the land grant contract may be charged an idle land fee of up to 20% of the land premium, and those who fail to commence development within two years may be deprived of land use right without compensation, except where the delay in commencement is due to force majeure, actions of governments or relevant government departments, or preliminary work necessary for the commencement of development.

On January 3, 2008, the State Council issued the "Circular on Promoting Economical and Intensive Use of Land" (《關於促進節約集約用地的通知》). The circular emphasizes the strict enforcement of the current policies on the disposal of idle land, pursuant to which those who left the land idle for over one year but less than two years shall be charged an idle land fee of 20% of the land premium, and for the land which has been idle for over two years and should be recovered without compensation, recovery without compensation shall be insisted. The circular further requires financial institutions to exercise caution when granting loans to real estate enterprises which complete less than 1/3 of the land development area or which make less than 25% of the total investment one year after the construction commencement date of their real estate projects as agreed in the land grant contracts. Furthermore, MLR issued the "Circular on Strict Administration of Construction Land and Promoting the Utilization of Approved and Unused Land" (《關於嚴格建設用地管理促進批而未用土地利用的通知》) on August 11, 2009, which reiterates the previous administration on idle land.

On September 21, 2010, MLR and MOHURD jointly released the "Circular on Further Strengthening Administration and Control over Land Utilization and Construction for Real Estate" (《關於進一步加強房地產用地和建設管理調控的通知》). The circular specifies that where a bidder leaves the land idle for more than one year for developer's own reasons, the competent department of land and resources shall forbid the relevant bidder and his controlling shareholders from participating in land bidding activities.

According to the "Regulations on the Disposal of Idle Land" (《閑置土地處置辦法》) promulgated by MLR on April 26, 1999, amended on June 1, 2012 and taking effect from July 1, 2012, land with the following conditions is considered to be idle:

- the holder of the state-owned construction land use right fails to commence developing the state-owned construction land within one year after the construction commencement date as agreed or stated in the contract of compensated use of state-owned construction land or the land allocation decision;

- the area of the construction land developed upon commencement of development is less than 1/3 of the planned total area for development and construction, and the development and construction of the state-owned construction land has been suspended for more than one year;

- the amount invested in the land is less than 25% of the total investment, and the development and construction of the state-owned construction land has been suspended for more than one year; or

- fails to commence development and construction within one year from the date of actual delivery of land, if the construction commencement date is not agreed or stated or not clearly agreed or stated.

The above regulations provide that for idle land where construction and development has not commenced for one year, the competent department of land and resources at city or county level shall charge idle land fee at 20% of the cost of land grant or allocation. In the event that the construction and development has not commenced for two years, the competent department of land and resources at city or county level shall, upon the approval of the People's Government with approval authorities, issue the Decision on Recovering the Right to Use State-owned Construction Land to a holder of state-owned construction land use right, and recover the right to use the state-owned construction land without compensation. The above regulations also list the situations where the idleness of land is due to the reasons attributable to the governments as well as the ways of handling idle land under such situations.

ii. Planning of a real estate project

Under the "Measure for Planning and Administration of Grant and Assignment of Right to Use Urban State-owned Land" (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by MOC on December 4, 1992, becoming effective from January 1, 1993 and revised on January 26, 2011, the grantee under a land grant contract, i.e. a real estate developer, shall apply for a construction land planning permit from the relevant competent authorities of urban planning and administration. The enterprise may apply for the certificate of land use right only after obtaining such permit.

Under the "Law on Urban and Rural Planning of the People's Republic of China" (《中華人民共和國城鄉規劃法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2007, effective from January 1, 2008, a real estate developer shall apply for the construction work planning permit from the competent authorities of urban and rural planning under the People's Government at city or county level for project construction.

iii. Construction of a real estate project

According to the "Measures for Administration of Construction Permit for Construction Projects" (《建築工程施工許可管理辦法》) promulgated by MOC on October 15, 1999, becoming effective from December 1, 1999 and amended on July 4, 2001, a developer engaging in the construction and decoration of various kinds of houses and buildings as well as the ancillary facilities shall apply for a construction permit from the competent construction administration authorities at county level or above where the construction is located before the commencement of the construction.

In accordance with the "Circular on Strengthening and Standardizing the Administration of Newly-commenced Projects" (《關於加強和規範新開工項目管理的通知》) promulgated by the General Office of the State Council on November 17, 2007, construction projects shall meet certain conditions before commencement, including complying with the national industrial policies, development and construction plans, land supply policies and market access criteria; completing the approval, ratification or filing procedures; complying with the urban and rural planning; obtaining the approval of the use of land; completing the approval of the environmental impact assessment; completing the energy-saving appraisal and examination for fixed asset investment projects; and acquiring the construction permit.

iv. Tender of real estate project construction

Under the "Administrative Measures on Tendering and Bidding of House Construction and Municipal Infrastructure Projects" (《房屋建築和市政基礎設施工程施工招標投標管理辦法》) issued MOC on June 1, 2001, if the assessed contract value of a single construction under a house construction and municipal infrastructure project is above RMB2 million, or the total investment of a project is above RMB30 million, the construction projects must be subject to tender. With the approval of the People's Government at the same level, the competent administration of construction under the People's Government of relevant province, autonomous region or municipality directly under the Central Government may decide the specific scope and scale of construction projects which are subject to tender in the locality according to the actual situation. However, the administration of construction shall not narrow down the scope of construction tender required by such administrative measures. Construction tender includes public tender and invitational tender. For any projects which are wholly invested with state-owned funds or where state-owned funds are in controlling or dominant positions, public tender shall be carried out, while invitational tender may be applied to other kinds of projects. Construction projects which are subject to public tender under the law shall publish a tender announcement on newspapers, information networks or other media designated by the State or local authorities, as well as the Chinese Construction Information Network (中國工程建設和建築業資訊網). For an invitational tender, the tenderer shall send letters of invitation for bid to three or more construction enterprises with suitable qualifications.

v. Completion of a real estate project

According to the Development and Operation Regulations, the "Provisions on Acceptance Inspection Upon Completion of House Construction and Municipal Infrastructure Projects" (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by MOHURD on December 2, 2013 and the "Administrative Measures on the Filing of Acceptance Inspection upon Completion of House Construction and Municipal Infrastructure Projects" (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by MOC on April 4, 2000 and revised by MOHURD on October 19, 2009, after the completion of real estate projects, the real estate developer must organize an acceptance inspection and, after passing the inspection, file with the relevant governmental authorities on such completion of acceptance inspection. A real estate development project shall not be delivered for use until and unless it has carried out and passed the acceptance inspection. Where a real estate project is developed in phases, acceptance inspection may be carried out by phase.

D. Transfer of Real Estate

According to the Urban Real Estate Law and the "Provisions on Administration of Transfer of Urban Real Estate" (《城市房地產轉讓管理規定》) promulgated by MOC on August 7, 1995, as amended on August 15, 2001, a real estate owner may sell, bequeath or otherwise legally transfer the real estate to another person. When transferring a real estate, the ownership of the building and the right to use the land on which the building occupies are transferred together. The parties concerned shall enter into a real estate transfer contract in writing and go through the transfer procedures with the administration authority of real estate where the real estate is located within 90 days after signing the transfer contract.

Where the land use right is obtained by grant, the real estate may only be transferred upon satisfying the following conditions:

- the land premium has been paid in full as provided by the land grant contract and the certificate for land use right has been obtained; and
- in the case of a house construction project, more than 25% of the total investment for development has been completed; or
- in case of developing tracts of land, development and construction on land has been carried out as planned, water supply and sewerage, electricity supply, heat supply, roads, telecommunication and other infrastructure or utilities have been made available, and the site has been leveled, meeting the conditions for land used for industry or other constructions.
- In case that the real estate has been completed, the real estate ownership certificate must be obtained.

If the land use right is obtained by grant, the term of usage of the land use right after transfer of the real estate will be the remaining portion of the term provided in the original land grant contract less the term used by the original land users. In the event that the transferee intends to change the use of land provided in the original grant contract, the transferee must first obtain consent from the original land use right transferor and the competent administration of planning at city or county level, and enter into an agreement to amend the land grant contract or re-enter into a new land grant contract to, inter alia, change the use of land and adjust the land premium accordingly.

If the land use right is obtained by allocation, the transfer of real estate is subject to the approval of the People's Government with approval authorities according to the regulations of the State Council. After the People's Government with approval authorities approves the transfer, the transferee must complete the formalities for the grant of the land use right and pay the land premium according to the relevant requirements of the State. Land used for industry (including warehouse land, but excluding mining land), business, tourism, entertainment and commodity housing shall be granted by tendering and bidding, public auction or listing under the prevailing PRC laws and regulations.

E. Mortgage of Real Estate

Under the Urban Real Estate Law, the "Security Law" (《擔保法》) promulgated by the Standing Committee of the National People's Congress on June 30, 1995 and becoming effective from October 1, 1995, the "Measures for Administration of Mortgage of Urban Real Estate" (《城市房地產抵押管理辦法》) promulgated by MOC on May 9, 1997, as amended on August 15, 2001, and the "Property Law" (《物權法》) promulgated by the National People's Congress on March 16, 2007 and becoming effective from October 1, 2007, when a mortgage is created on the ownership of a legally obtained building, the mortgage must be simultaneously created on the right to use the land which the building occupies. When a mortgage is created on land obtained by way of grant, the mortgage must be simultaneously created on the ownership of the building erected on the land. The mortgagor and mortgagee shall sign a mortgage contract in writing. China adopts a registration system for real estate mortgage. Within 30 days after a real estate mortgage contract has been signed, the parties concerned must register the real estate mortgage with the real estate administration authorities at the location where the real estate is situated. The real estate mortgage right becomes effective on the date of registration of the mortgage. If a mortgage is created on a real estate in respect of which a real estate ownership certificate has been obtained legally, the registration authorities shall, when registering the mortgage, make an entry of "third party right" on the original real estate ownership certificate and then issue a certificate of third party right to the mortgagee. If a mortgage is created on a commodity building put up for pre-sale or construction in progress, the registration authority shall, when registering the mortgage, record the details on the mortgage contract. If construction of a real estate is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real estate after obtaining the certificates evidencing the rights and ownership to the real estate.

F. Real Estate Credit

Under the "Circular on Further Strengthening the Administration of Real Estate Credit" (《關於進一步加強房地產信貸業務管理的通知》) issued by the PBOC on June 5, 2003, the requirements for banks to provide loans for residential development, individual housing mortgage and individual commodity housing are tightened:

- Real estate development loans shall be granted to real estate developers which are qualified for real estate development, rank high in credibility and have no overdue payment for construction fees. Such loans shall be given in support of residential housing projects which are affordable by families with medium-to-low income particularly, and shall be strictly restricted from projects involving building properties of large size and/or covering large area, such as luxurious commodity housing and villas. For real estate developers with high vacancy rate of commodity housing and high debt ratio, strict approval and close monitoring must be applied to their new real estate development loans.

- Commercial banks may not grant loans to real estate developers for the payment of land premium.

- Commercial banks shall not grant any kind of loans to projects without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit. Loans applied for by real estate developers shall only be granted by commercial banks in the name of real estate development loans, but not in the name of real estate development liquidity loans or other types of loans. Commercial banks may recover the non-real estate development loans that have been granted to the real estate developers, but are not allowed to grant new ones. To apply for bank loans, a real estate developer's self-owned funds (owner's equity) shall not be less than 30% of the total investment of the development project. The real estate loans granted by a commercial bank may only be used for the real estate projects in the region where the developer is located, and are prohibited to be used across regions.

In the "Circular on Facilitating the Continuous Healthy Development of the Real Estate Market" (《關於促進房地產市場持續健康發展的通知》) issued by the State Council on August 12, 2003, a series of measures were adopted by the government to control the real estate market, including, among others, strengthening the construction and management of affordable houses, increasing the supply of ordinary commodity housing and controlling the construction of high-class commodity housing. Besides, the government also staged a series of measures on developing residential housing credit, including strengthening efforts on housing provident fund collection and granting of loans, improving the guarantee mechanism of individual residential housing loans and strengthening the supervision over real estate loans.

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

Pursuant to the "Guidance on Risk Management of Real Estate Loans Granted by Commercial Banks" (《商業銀行房地產貸款風險管理指引》) issued by the CBRC on August 30, 2004, commercial banks shall not provide any loan in any form for projects without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit. For any real estate developer applying for real estate development loan, the proportion of capital fund to be invested in the development project shall be no less than 35%.

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

- prohibiting commercial banks from granting any kind of loans to projects with a proportion of capital fund (owners' equity) of less the 35%, or without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit;

- prohibiting commercial banks from granting loans to real estate developers solely for the payment of land premium.

According to the requirements under the "Circular on Promoting Economical and Intensive Utilization of Land through Financing" (《關於金融促進節約集約用地的通知》) issued by PBOC and CBRC on July 29, 2008, a real estate developer applying for land reserve loans from a financial institution by way of mortgage shall have the legitimate certificate of land use right. The maximum amount of mortgage loan offered by a financial institution shall not be more than 70% of the assessed value of the collateral and the loan term shall not exceed two years in principle. The circular also required to tighten the examination and approval of loans for municipal infrastructure and industrial land projects. No credit support shall, in any form, be given to the construction of any municipal infrastructure, ecological planting project or industrial project which does not meet the national standards, or for which no land use approval has been obtained from the land and resources authorities. A financial institution should give prioritized financial support to projects which are to increase the land utilization rate and plot ratio of the existing industrial land as well as to projects which are to develop and utilize the spare, abandoned or idle land provided that such projects meet the planning requirements without changing the original purposes.

According to the "Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects" (《國務院關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009, the proportion of capital fund for affordable housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and, for other properties, from 35% to 30%. Financial institutions shall decide on their own whether to issue loans to real estate developers based on the adjustments to the proportion of capital fund.

On September 29, 2010, PBOC and CBRC jointly issued the "Circular on Issues Concerning Improving Differentiated Housing Credit Policies" (《關於完善差別化住房信貸政策有關問題的通知》), which provides that if a real estate developer has records of violating the laws and regulations, such as having idle land, changing the use and nature of land, delaying project commencement or completion and hoarding the real estates, all commercial banks shall stop granting loans or providing loan extension to such real estate developer for its new development projects.

G. Sale of Commodity Housing

Under the "Administrative Measures on the Sale of Commodity Housing" (《商品房銷售管理辦法》) promulgated by MOC on April 4, 2001 and becoming effective from June 1, 2001, sale of commodity housing includes the pre-sale of commodity housing and spot sale of commodity housing. The commodity housing for spot sale shall pass the inspection and acceptance upon completion and satisfy other conditions. Before the spot sale of commodity housing, the real estate developer shall file the project manual of real estate development and the relevant evidence documents with the competent authorities of real estate development to prove its satisfaction of the conditions for spot sale of commodity housing. A real estate developer shall not sell uncompleted commodity housing by after-sale lease guarantee or any such mean in disguised form.

According to the Development and Operation Regulations and the "Administrative Measures on the Pre-sale of Urban Commodity Housing" (《城市商品房預售管理辦法》, the "Pre-sale Measures") promulgated by MOC on November 15, 1994, as amended on August 15, 2001 and July 20, 2004, a pre-sale permit must be in place before commodity housing may be put into pre-sale. The pre-sale of commodity housing shall meet the following conditions:

- the land premium has been paid in full and a certificate of land use right has been obtained;
- the construction work planning permit and construction permit have been obtained;
- the funds invested in the development and construction of the commodity housing put into pre-sale represent 25% or more of the total investment in the project and the progress of construction and the completion and delivery dates have been determined; and
- a permit for pre-sale of commodity housing has been obtained.

The proceeds from pre-sale of commodity housing must be used to develop the relevant pre-sale project.

On April 13, 2010, MOHURD issued the "Circular on Further Strengthening Supervision on the Real Estate Market and Improving the Commodity Housing Pre-sale System" (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》). The circular provides that:

- a real estate developer shall not charge fees of earnest or advance nature or in disguised form from the purchaser in the form of subscription, ordering, numbering or issuance of VIP card in relation to commodity residential housing projects that have not obtained the pre-sale permits;
- a real estate developer shall disclose all the flats that are permitted to be sold and the price of each flat at one time within ten days after the commodity residential housing project obtains the pre-sale permit, and price quotation shall strictly follow the pre-sale plan with actual price shown for external sales;
- the requirements of the minimum scale for a pre-sale permit and the project image progress of a commodity residential housing project shall be determined reasonably. Pre-sale permits can only be issued to the entire building at the minimum extent, instead of individual floors or units;
- all the pre-sale proceeds shall be deposited into an escrow account to ensure the legitimate use for project construction.

Under the "Regulation on the Sale of Commodity Housing at Expressly Marked Price" (《商品房銷售明碼標價規定》) promulgated by the NDRC on March 16, 2011 and effective from May 1, 2011, real estate developers are required to expressly mark the price of commodity housing for sale or pre-sale, and make public all the flats available for sale or pre-sale at one time within the required period. Real estate developers are also required to clearly indicate factors that are closely related to housing price and relative charges, such as commission fee and property management fee. No additional charge beyond what is made public by the real estate developer is permitted.

H. Lease of Housing

Under the Urban Real Estate Law, parties to a housing tenancy shall sign a lease contract in writing and file it with the administration authority of real estate.

Under the "Administrative Measures on the Lease of Commodity Housing" (《商品房屋租賃管理辦法》), issued by the MOHURD on December 1, 2010 and becoming effective from February 1, 2011, the parties to a housing tenancy shall go through the housing tenancy registration and filing process with the competent construction (real estate) departments under the People's Government of the municipality directly under the Central Government, city or county where the housing is located within 30 days after the housing tenancy contract is signed. For those who fail to comply with the above regulations, the relevant competent governmental construction (real estate) departments may impose a fine of below RMB1,000 on individuals, and a fine of between RMB1,000 and RMB10,000 on units.

I. Environment Protection in Real Estate Development

Under the "Regulations on Administration of Environmental Protection of Construction Projects" (《建設項目環境保護管理條例》) issued by the State Council on November 29, 1998, a construction unit shall, during the stage of construction project feasibility study, submit the construction project environmental impact report, environmental impact statement or environmental impact registration form for approval. The environmental protection facilities that are required in relation to the construction project must be designed, constructed and put into operation simultaneously with the main structure of the construction project. In addition, the construction unit shall, during the trial production of the construction project, monitor the operation of the environmental protection facilities and the environmental impact of the construction project. On completion of construction, the construction unit shall file an application with the competent department of environmental protection administration that reviews and approves the relevant construction project environmental impact report, environmental impact statement or environmental impact registration form for environmental protection acceptance inspection upon completion. The acceptance inspection upon completion of environmental protection facilities shall be conducted simultaneously with the main structure of the project.

J. Insurance

There is no mandatory provision in the PRC laws, regulations and government rules which requires a real estate developer to take out insurance policies for its real estate development projects. According to the common practice of the real estate industry in China, in the course of tendering and bidding for construction projects, construction companies are usually required to provide insurance plans, pay insurance premium at their own costs and take out the relevant kinds of insurance during the construction period, such as property insurance, third party liability insurance, employer's liability insurance, construction performance guarantee insurance and all risk insurance for construction and installation projects. All these insurance coverage will cease immediately subsequent to the acceptance inspection upon completion of the construction project.

K. Measures on Stabilizing Housing Price

Under the "Circular on Further Strengthening the Administration of Real Estate Credit" (《關於進一步加強房地產信貸業務管理的通知》) issued by PBOC on June 5, 2003, the requirements for banks to grant individual housing loans and individual commercial housing mortgage loans are tightened as follows:

- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual housing loans to buy his first self-occupied residential housing, the percentage of down payment made by the borrower remains at 20%. In respect of loan application for the second or further (including the second) residential housing, the percentage of down payment made by the borrower shall be properly raised.

- When a borrower applies for a mortgage loan for an individual commercial housing, the mortgage ratio shall not be more than 60%. In addition, the term of loan shall not be more than 10 years and the commercial housing must have passed the acceptance inspection of the relevant government departments upon completion.

The General Office of the State Council promulgated the "Circular on Stabilizing Housing Price" (《關於切實穩定住房價格的通知》) on March 26, 2005, requiring to adopt measures to restrain the housing price from increasing too fast and to promote a stable development of the real estate market.

On April 30, 2005, MOC, NDRC, MOF, MLR, PBOC, SAT and CBRC jointly issued the "Opinions on Properly Stabilizing Housing Price" (《關於做好穩定住房價格工作的意見》) with the following requirements:

- Where the housing price is growing too fast, while the supply of low-to-medium priced ordinary commodity housing and affordable housing is insufficient, the residential housing construction shall mainly involve projects of low-to-medium priced ordinary commodity housing and affordable housing. The construction of low-density and high-class residential housing shall be strictly controlled.

- Where the price of land for residential use and residential housing is growing too fast, the proportion of land for residential use to total land supply shall be appropriately raised, and the land supply for the construction of low-to-medium priced ordinary commodity housing and affordable housing shall be particularly increased. Land supply for villas shall continue to be suspended, and land supply for high-class residential housing shall be strictly controlled.

- Commencing from June 1, 2005, business tax upon the transfer of a residential housing by an individual within two years from his/her purchase shall be levied on the entire proceeds from such sale. For an individual transferring an ordinary residential housing after two years (including 2 years) from his/her purchase, the business tax will be exempted. For an individual transferring a real estate other than an ordinary residential housing after two years from his/her purchase (including 2 years), the business tax shall be levied on the difference between the selling price and the original purchase price of the housing.

- Small-to-medium sized ordinary residential housing at low-to-medium prices are supported by preferential treatment in planning permit, land supply, credit, taxation and other aspects. Residential housing enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of a single unit is less than 120 sq.m., and the actual trading price is less than 1.2 times the average transaction price of housing located on the land of the same class. The local governments at provincial level may, based on actual circumstances, formulate specific standards for ordinary residential housing that may enjoy the preferential policies in locality.

- Transfer of uncompleted pre-sold commodity housing by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity housing pre-sale contract must also be filed with the relevant government authorities online immediately after execution.

On May 24, 2006, MOC, NDRC, MOS, MOF, MLR, PBOC, NBS, SAT and CBRC jointly issued the "Opinions on Adjusting Housing Supply Structure and Stabilizing Housing Price" (《關於調整住房供應結構穩定住房價格的意見》). The opinions provide the following measures:

- At least 70% of the total annual land supply for residential housing shall be used for developing low-to-medium priced and small-to-medium sized ordinary commodity residential housing (including affordable houses) and low rent housing;

- Since June 1, 2006, for residential projects which are newly approved or which have just commenced construction, at least 70% of the GFA developed and constructed must consist of residential housing (including affordable housing) with a unit floor area (套型建築面積) of less than 90 sq.m. For projects which have already received project development approval but have not obtained construction permits, the layout shall be adjusted accordingly in order to conform to this requirement;

- Since June 1, 2006, the minimum proportion of down payment of individual residential housing mortgage loan shall be at least 30%. Where the loan is for a self-occupied residential housing with a unit floor area of less than 90 sq.m., the minimum proportion of down payment is still 20%;

- Commercial banks are prohibited from granting loans to real estate enterprises with a project capital ratio of less than 35%. Commercial banks shall strictly control the extension of loans or the grant of revolving credit facilities to real estate developers holding a large amount of idle land and vacant commodity housing. Commercial banks are prohibited from taking commodity housing which has been vacant for more than three years as security for their loans; and

- Since June 1, 2006, business tax is levied on the entire proceeds from the re-sale of residential housing if the holding period is shorter than five years; where an individual transfers an ordinary residential housing after five years (including five years) from his/her purchase, business tax is exempted; where an individual transfers a property other than an ordinary residential housing after five years from his/her purchase, business tax shall be levied on the difference between such re-sale price and the original purchase price of the housing.

According to the "Circular on Strengthening the Administration of Commercial Real Estate Credit" (《關於加強商業性房地產信貸管理的通知》) jointly issued by the PBOC and the CBRC on September 27, 2007,

- banks are required to support funding needs of borrowers purchasing their first small-to-medium self-occupied residential housing, and to grant loans only to individuals who purchase residential housing of which the main structure has been topped out;

- the minimum proportion of down payment for the first self-occupied residential housing bought with a unit floor area of less than 90 sq.m. shall not be less than 20%. The minimum proportion of down payment for the first self-occupied residential housing bought with a unit floor area of over 90 sq.m. shall not be less than 30%. The minimum proportion of down payment for the second (or more) residential housing payable by an individual who has already obtained a housing mortgage shall not be less than 40%. The loan interest rate shall not be less than 1.1 times the benchmark rate published by the PBOC, and the minimum proportion of down payment and interest rate shall significantly increase with the number of flats purchased;

- commercial housing purchased with loans shall have been completed and passed acceptance inspection upon completion; and

- for commercial housing, the minimum proportion of down payment shall not be less than 50%, the loan term shall not exceed 10 years and the loan interest rate shall not be less than 1.1 times the benchmark rate issued by the PBOC. For combined commercial and residential housing, the minimum proportion of down payment shall not be less than 45% and the term and interest rate shall be determined according to the administrative regulations on commercial housing loans.

On December 5, 2007, PBOC and CBRC jointly issued the "Supplemental Circular on Strengthening the Management of Commercial Real Estate Credit" (《關於加強商業性房地產信貸管理的補充通知》), which clarifies that the number of property mortgage loans shall be calculated on a family basis, including the borrower and his/her spouse and minor children.

On October 22, 2008, MOF and SAT jointly issued the "Circular on Adjusting the Taxation Policies with Regard to Real Estate Transaction" (《關於調整房地產交易環節稅收政策的通知》), effective from November 1, 2008 and revised on October 1, 2010. According to the circular:

- stamp duty is temporarily exempted for individual residential housing purchase or sale; and

- land appreciation tax is temporarily exempted for individual residential housing sale.

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

- Loan interest rate and proportion of down payment granted by financial institutions to their clients shall be determined based on the following factors: whether it is the first time for the borrower to buy a house, whether the house is purchased for self-occupation, whether the house type and GFA conform to those of an ordinary residential housing and other risk factors, such as the borrower's credit record and repayment capacity.

- Financial institutions may provide preferential treatments on loan interest rate and proportion of down payment to residents for first purchase of ordinary self-occupied housing and for improvement of ordinary self-occupied housing. For non-self-occupied housing and non-ordinary residential housing, financial institutions may properly raise the loan conditions.

- The policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of his/her monthly income remains unchanged.

On December 20, 2008, the General Office of the State Council issued the rules on the "Opinions on Promoting the Healthy Development of the Real Estate Market" (《國務院辦公廳關於促進房地產市場健康發展的若干意見》), which provides that in order to expand domestic demand and encourage consumption of ordinary residential housing, on the condition that the GFA per capita of the first residential housing bought with loans is lower than the local average standard, the buyer may apply for the purchase of the second housing with the same preferential interest rate and proportion of down payment for the first residential housing. For other circumstances of buying the second residential housing, the interest rate and other relevant factors shall be reasonably determined by the commercial banks based on risk factors.

The General Office of the State Council issued the "Circular on Accelerating the Stable and Smooth Development of the Real Estate Market" (《關於促進房地產市場平穩健康發展的通知》) on January 7, 2010. The circular provides that for families, including the borrower and his/her spouse and minor children, which have bought a house with loans and apply to buy the second or above (inclusive) house with loans, the proportion of down payment shall not be less than 40% of the total house price. The interest rate will be adjusted based on risk pricing.

On April 17, 2010, the State Council issued the "Circular on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities" (《國務院關於堅決遏制部分城市房價過快上漲的通知》), which stipulates that the proportion of down payment for the first self-occupied home with a unit floor area of larger than 90 sq.m. shall not be less than 30% of the purchase price; the proportion of down payment for the second house bought with mortgage loans for a family shall not be less than 50% of the purchase price and the loan interest rate shall not be less than 1.1 times the benchmark lending rate published by the PBOC. In addition, the proportion of down payment and interest rate shall significantly increase for the third or further houses bought with mortgage loans. In certain regions where commodity residential housing are in short supply and prices rise too quickly, the banks may suspend granting mortgage loans for the third or further houses bought with mortgage loans or to non-local residents who cannot provide any proof of tax or social insurance payment for more than one year.

The MOHURD, the PBOC and the CBRC jointly released the "Circular on Regulating the Recognition Standards of the Second House in Commercial Individual Housing Loans" (《關於規範商業性個人住房貸款中第二套住房認定標準的通知》) on May 26, 2010 to regulate the recognition standards of the second house for applicants of commercial housing loans. Under the circular, for commercial individual housing loans, the number of houses owned by a family shall be calculated based on the number of flats which are actually owned by the members (including the loan applicant and his/her spouse and minor children, hereinafter the same) of the family who plans to purchase a house. The circular also stipulates that house purchasers shall check the house registration records of the family via the house registration information system and provide written enquiry results. Loan applicants who cannot provide enquiry results shall provide written credit guarantee to prove the actual number of houses owned by his/her family.

On September 29, 2010, the PBOC and the CBRC jointly issued the "Circular on Issues Concerning Improving Differentiated Housing Loan Policies" (《關於完善差別化住房信貸政策有關問題的通知》), which stipulates that all commercial banks shall suspend issuing housing loans to house buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contribution for more than one year.

On September 29, 2010, the State Administration of Taxation, MOF and MOHURD issued the "Circular on Adjusting the Preferential Policies on Deed Tax and Individual Income Tax in Real Estate Deals" (《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》), effective from October 1, 2010, which provides that where an individual purchases an ordinary house as the sole house for his/her family (including the purchaser and his/her spouse and minor children, hereinafter the same) to live in, deed tax thereon shall be reduced by half. Where an individual purchases an ordinary house of 90 sq.m. or less as the sole house for his/her family to live in, the deed tax shall be reduced and levied at the rate of 1%.

On September 30, 2010, the MOHURD, MLR and MOS jointly issued "Circular on Further Implementing Guofa [2010] No.10 Document" (《關於進一步貫徹落實國發[2010]10號文件的通知》). According to the circular, in areas where the housing price is too high and rises too fast and the supply is in shortage, the local government may take provisional measures to limit the number of houses to be purchased within a certain period.

On November 2, 2010, MOF, MOHURD, CBRC and PBOC jointly issued the "Circular on Issues Concerning the Regulation of the Policies on Personal Housing Provident Fund Loan" (《關於規範住房公積金個人住房貸款政策有關問題的通知》). Under the circular, where personal housing provident fund loan is used to buy the first ordinary self-occupied house with a unit floor area of not more than 90 sq.m., the down payment proportion shall not be lower than 20%; where the unit floor area of the house is more than 90 sq.m., the down payment proportion shall not be lower than 30%. Only the housing provident fund-paying families whose GFA per capita is less than the local average shall have access to personal housing provident fund loan for the purchase of the second house, and the loan shall only be used to buy ordinary self-occupied house so as to improve living conditions. Where the personal housing provident fund loan is used to buy the second house, the down payment proportion shall not be lower than 50%, and the interest rate of such loan shall not be less than 1.1 times the interest rate of the personal housing provident fund loan for the purchase of the first house. Granting of personal housing provident fund loans to fund-paying families buying the third or further house shall be stopped.

On November 4, 2010, SAFE and MOHURD jointly issued the "Circular on Further Regulating the Administration of Housing Purchases by Overseas Institutions and Individuals" (《關於進一步規範境外機構和個人購房管理的通知》), which indicates that unless otherwise provided for in laws and regulations, an overseas individual may purchase only one self-occupied house in China; any overseas institution which sets up a branch or representative office in China may only purchase a non-residential house required for business purposes in the city where such branch or representative office is situated.

On January 26, 2011, the General Office of the State Council issued the "Circular concerning Further Strengthening the Control of the Real Estate Market" (《進一步做好房地產市場調控工作有關問題的通知》). This circular, among others, provides that:

- an individual selling residential housing within five years of their purchase will be uniformly charged business taxes on the entire amount of the sale price of such residential housing;
- the proportion of minimum down payment for the purchase of the second house is raised from 50% to 60%, and the loan interest rate shall not be less than 1.1 times the prevailing benchmark rate published by PBOC; and
- municipalities directly under the Central Government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of houses that a local resident can buy in a certain period. In principle, local resident families that own one house and non-local resident families which can provide local tax or social insurance payment proof for a certain period are permitted to purchase only one more house (including newly-built houses and second-hand houses). Sale of properties to (a) local resident families which own two or more houses; (b) non-local resident families which own one or more houses; and (c) non-local resident families which cannot provide local tax or social insurance payment proof for a certain period shall be suspended in local administrative regions.

Under the "Circular on Adjusting the Policies on Business Tax on Individual Transfer of Houses" (《關於調整個人住房轉讓營業税政策的通知》) jointly issued by the State Administration of Taxation and MOF on January 27, 2011, where an individual sells a house which has been purchased for less than 5 years, business tax shall be levied on the entire proceeds; where an individual sells a non-ordinary house which has been purchased for more than 5 years, business tax shall be levied on the difference between the sale proceeds and the price for purchasing the house; where an individual sells an ordinary house which has been purchased for more than 5 years (inclusive), business tax shall be exempted.

On February 26, 2013, the General Office of the State Council announced the "Notice on Continuing to Improve the Regulation and Control of the Real Estate Market" (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》), which, among others, provides the following requirements: (i) limitations on the purchase of commodity residential housing must be strictly implemented, and the scope of such limitations must cover all newly constructed commodity residential housing and second-hand housing located in all the administrative regions of the city concerned; (ii) for cities with excessive growth in housing prices, the local counterparts of PBOC may further increase down payment proportion and interest rates for loans to purchase second housing in accordance with the price control policies and targets of the corresponding local governments; and (iii) the gains generated from the sale of a self-owned residential property shall be subject to individual income tax at a rate of 20%, if the original value of such property can be verified through historical information, such as tax filings and property registration.

In the third quarter of 2013, there has been a further tightening on the down payment of second home purchase mortgages in several cities including Wuhan, Shenyang, Shanghai, Hangzhou and Guangzhou. Down payment requirement for second home purchases was raised from 60% to 65% or 70%.

PART 2 LAWS AND REGULATIONS RELATING TO OTHER BUSINESS SECTORS

A. Legal Supervision Relating to Construction Sector in the PRC

Under the "Construction Law of the People's Republic of China" (《中華人民共和國建築法》) promulgated by the Standing Committee of the National People's Congress on November 1, 1997, amended on April 22, 2011 and becoming effective from July 1, 2011, as well as the "Administrative Provisions on the Qualifications of Enterprises in the Construction Industry" (《建築業企業資質管理規定》) issued by MOC on June 26, 2007 and becoming effective from September 1, 2007, enterprises in the construction industry are divided into different qualification levels based on conditions such as registered capital, professional technicians, technologies, equipment and achievement of construction projects completed, and may only engage in construction activities within the scope of its qualification level after passing the qualification examination and obtaining the qualification certificate as an enterprise in the construction industry.

According to the provisions under the "Administrative Provisions on the Qualifications of Enterprises in the Construction Industry", the qualifications of enterprises in the construction industry shall be classified into three tiers, namely, general contracting, specialized contracting and labor service sub-contracting, each of which is further classified into several qualification types based on the nature and technical features of the project. Each qualification type shall be further divided into several qualification grades according to the prescribed conditions.

Extra grade and first grade qualifications of the tier of general contracting and specialized contracting in the fields of civil aviation, highway, railway and other specific fields shall be approved by the competent administration of construction under the State Council. Second grade qualification of the tier of general contracting shall be approved by the competent administration of construction of the People's Government of a province, autonomous region or municipality directly under the Central Government. Third grade qualification of the tier of general contracting shall be approved by the competent administration of construction of the People's Government of a city. Construction enterprises shall engage in construction activities under the approved scope of its qualification grade and shall be subject to annual qualification inspection.

Under the "Regulations on Enterprise Management of Foreign-Invested Construction Enterprises" (《外商投資建築業企業管理規定》) promulgated by the Ministry of Foreign Trade and Economic Cooperation and MOC on September 27, 2002 and effective from December 1, 2002, wholly foreign-owned construction enterprises are only allowed to undertake the following projects within the scope permitted by their qualification grades: (1) projects built exclusively with foreign investment and foreign donations; (2) construction projects financed by international financial institutions and awarded through international tender according to their loan terms; (3) sino-foreign construction projects with 50% or more foreign investment, or sino-foreign construction projects that, though with less than 50% of foreign investment, cannot be independently implemented by Chinese construction enterprises due to technical difficulties, as approved by the People's Governments of provinces, autonomous regions and municipalities directly under the Central Government; (4) construction projects invested by China but cannot be independently implemented by Chinese construction enterprises due to technical difficulties which, upon the approval of the competent administration of construction of the People's Governments of provinces, autonomous regions and municipalities directly under the Central Government, can be jointly undertaken by sino-foreign construction enterprises. Sino-foreign equity joint venture construction enterprises and sino-foreign cooperative joint venture construction enterprises shall undertake projects within the scope permitted by their qualification grades.

According to the "Implementation Measures of MOC on Qualification Administration in the Administrative Provisions on Enterprise Management of Foreign-Invested Construction Enterprises" (《建設部關於外商投資建築業企業管理規定中有關資質管理的實施辦法》) issued by MOC on April 8, 2003, for domestic construction enterprises which have become foreign-invested construction enterprises due to acquisition by foreign enterprises, the qualifications shall be reassessed according to the standards actually reached by them.

B. Legal Supervision Relating to Property Management Sector in the PRC

(a) Foreign-invested Property Service Enterprises

According to the "Catalogue of Industries for Guiding Foreign Investment" (《產業指導目錄》), property management falls within the category of permitted foreign investment industries. According to the "Catalogue of Industries for Guiding Foreign Investment" and the relevant requirements set out under the laws and administrative regulations on foreign-invested enterprises, a foreign-invested property service enterprise can be set up in the form of sino-foreign equity joint venture, sino-foreign cooperative joint venture or wholly foreign-owned enterprise. Before the administration for industry and commerce registers a foreign-invested enterprise as a foreign-invested property service enterprise, the foreign-invested property service enterprise shall obtain an approval from the relevant competent department of commerce and receive a Foreign-Invested Enterprise Approval Certificate.

(b) Qualifications of a Property Service Enterprise

According to the "Regulations on Property Management" (《物業管理條例》) issued by the State Council on June 8, 2003, effective from September 1, 2003 and amended on August 26, 2007, the State implements a qualification scheme in managing property service enterprises. Under the "Measures for Administration of Qualifications of Property Service Enterprises" (《物業服務企業資質管理辦法》) issued by MOC on March 17, 2004, effective from May 1, 2004 and amended on November 26, 2007, a newly established property service enterprise shall, within 30 days from the date of receiving its business license, apply from the competent authorities of real estate of the People's Governments of municipalities directly under the Central Government and cities divided into districts where industrial and commercial registration was completed for a grading assessment. The departments of qualification examination and approval will check and issue the qualification certificate corresponding to their grades.

Under the "Measures for Administration of Qualifications of Property Service Enterprises", the qualifications of property service enterprises shall be classified into class one, class two and class three. The competent construction authorities of the State Council shall be responsible for issuance and administration of the qualification certificates of class one property service enterprises. The competent construction authorities of the People's Governments of provinces and autonomous regions shall be responsible for issuance and administration of the qualification certificates of class two property service enterprises, and the competent departments of real estate of People's Governments of municipalities directly under the Central Government shall be responsible for issuance and administration of the qualification certificates of classes two and three property service enterprises. The competent departments of real estate of the People's Governments of cities divided into districts shall be responsible for the issuance and administration of the qualification certificates of class three property service enterprises.

Property service enterprises with class one qualification may undertake various property management projects. Property service enterprises with class two qualification may undertake property management business for residential projects of less than 300,000 sq.m. and non-residential projects of less than 80,000 sq.m. Property service enterprises with class three qualification may undertake property management business for residential projects of less than 200,000 sq.m. and non-residential projects of less than 50,000 sq.m.

(c) Hiring a Property Service Enterprise

According to the "Regulations on Property Management" (《物業管理條例》), with the consent of the owners occupying more than half of the total area of the building and representing more than half of the total number of property owners, a property service enterprise may be hired and removed. If a construction unit has hired a property service enterprise before the formal hiring of the property management enterprise by the owners or the general meeting of owners, it shall enter into a preliminary property service contract in writing with the property service enterprise.

C. Legal Supervision Relating to Hotel Sector in the PRC

According to the "Catalogue of Industries for Guiding Foreign Investment", construction and operation of high-end hotels falls within the category of "restricted foreign investment industries". Construction and operation of ordinary and economical hotels other than the said high-end hotels falls within the category of "permitted foreign investment industry".

A foreign-invested enterprise engaging in the hotel business may set up an enterprise in the form of sino-foreign equity joint venture, sino-foreign cooperative joint venture or wholly foreign-owned enterprise according to the "Catalogue of Industries for Guiding Foreign Investment" and the relevant laws and administrative regulations on foreign-invested enterprises. A foreign-invested enterprise engaging in the hotel business shall obtain approval from the relevant competent department of commerce and obtain a Foreign-Invested Enterprise Approval Certificate before registering with the competent administration authority of industry and commerce.

The procedures involved in hotel construction in China include obtaining approvals for land use, project planning and project construction, which shall all be subject to the aforementioned regulations relating to real estate project development.

There is currently no specific authority in China responsible for the supervision of daily operation and management of hotel business. The supervision of daily management of hotel business vests in different authorities based on the respective business scopes of different hotels and mainly involves the followings:

- ***Legal supervision on security and fire control***

  On March 21, 1985, MPS issued the "Circular on Reforming and Strengthening the Administration of Special Industries" (《關於改革和加強特種行業管理工作的通知》). The circular provides that the approval system for opening of special industries shall be reformed. The competent authorities and administration for industry and commerce are in charge of the approval of establishment of special industries (including hotel industry) and the public security authorities are no longer responsible for the approval. To facilitate the public security authorities' understanding of the situation and management, enterprises engaging in special industries shall report to the public security authorities for filing after obtaining business licenses, and shall be subject to public security management and safety supervision of the public security authorities.

  Pursuant to the "Measures for Security Control of the Hotel Industry" (《旅館業治安管理辦法》) issued by MPS on November 10, 1987, a hotel can operate only after being examined by and obtaining an approval from the competent authorities, obtaining opinions as signed by a local public security bureau and obtaining a business license. A hotel shall file with the local public security bureau and its branches at county or city level within 3 days from the registration of changes with the administration for industry and commerce in case of shutting down, transferring or merging of business, changing its place of business and name, etc. Pursuant to the "Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Business Units" (《機關、團體、企業、事業單位消防安全管理規定》) enacted by MPS on November 14, 2001 and enforced since May 1, 2002, hostels (or hotels) are units which require special supervision on fire control safety. When a hotel is under construction, decoration or renovation, a fire control design examination procedure is required and a hotel can only be put to use after passing the fire control inspection upon completion.

- ***Supervision on public sanitation***

According to the "Administrative Regulations on Sanitation of Public Places" (《公共場所衛生管理條例》) promulgated by the State Council on April 1, 1987, hotels are subject to public sanitation supervision. An operating enterprise shall obtain a sanitation license. The measures for granting and managing sanitation license are formulated by the public sanitation administration of the People's Governments of provinces, autonomous regions and municipalities directly under the Central Government. The sanitation license is signed and issued by the public sanitation administration at county level or above, and the public sanitation and epidemic prevention institutions are in charge of granting and managing the license. The sanitation license shall be reviewed once every two years.

- ***Supervision on catering services***

According to the "Food Safety Law" (《食品安全法》) issued by the Standing Committee of the National People's Congress on February 28, 2009 and enforced from June 1, 2009, a hotel operating catering services shall obtain a catering services permit. Catering services permits are granted by food hygiene administration departments.

- ***Supervision on entertainment and culture***

According to the "Regulations on the Administration of Entertainment Venues" (《娛樂場所管理條例》) issued by the State Council on January 29, 2006 and enforced from March 1, 2006, hotels that operate singing, dancing and game premises shall apply to the local competent administration of culture at county level or above for cultural operation review. To establish a sino-foreign equity or sino-foreign cooperative joint venture entertainment premise, an application shall be filed with the competent department of culture of the People's Government of a province, autonomous region or municipality directly under the Central Government. If approved, the relevant local competent administration of culture shall issue a permit for entertainment business operations. In case the relevant local application is approved, the number of consumers to be accommodated by the entertainment premise shall be determined according to the provisions set down by the competent department of culture under the State Council.

According to the "Provisions for the Administration of Ground Satellite Television Broadcast Reception Facilities" (《衛星電視廣播地面接收設施管理規定》) issued by the State Council on October 5, 1993, the "Implementation Rules on Provisions for the Administration of Ground Satellite Television Broadcast Reception Facilities" (《衛星電視廣播地面接收設施管理規定實施細則》) issued by the State Administration of Radio, Film and Television on February 3, 1994, as well as the "Administrative Measures on the Reception of Foreign Satellite Television Channels" (《境外衛星電視頻道落地管理辦法》) promulgated by the State Administration of Radio, Film and Television on June 18, 2004 and enforced from August 1, 2004, hotels for foreigners of above three-star or the second rank of the national standards may apply to local administration of radio and television at county or city level for installing ground satellite reception facilities to receive overseas TV programs via satellite transmission upon receiving the opinions signed by the administration of radio and television at regional or city level and national security authorities and submitting to the administration of radio and television of province, autonomous region and municipality directly under the Central Government for approval. Upon the completion of installation of ground satellite reception facilities and passing the inspection imposed by the administration of radio and television of province, autonomous region and municipality directly under the Central Government and national security authorities, a permit for receiving overseas television programs via satellite transmission would be issued.

- ***Supervision on disposition of sewage and pollutants***

According to the "Regulations of the Ministry of Construction on the Conditions for the 15 Items of Administrative Licensing that are Included in the Decisions of the State Council" (《建設部關於納入國務院決定的十五項行政許可的條件的規定》) enacted by MOC on October 15, 2004 and enforced from December 1, 2004, a hotel that has been connecting or planning to connect to the urban drainage system for sewage discharge shall apply to the local competent urban construction authorities for an urban drainage permit.

- ***Supervision on special equipment security***

Elevators (lifts and escalators), boilers and pressure containers and so on are special equipments. According to the "Regulations on Security Supervision of Special Equipment" (《特種設備安全監察條例》) issued by the State Council on March 11, 2003, implemented on June 1, 2003, amended on January 24, 2009 and enforced from May 1, 2009, a hotel shall register with the special equipment security supervision administration of municipality directly under the Central Government or cities divided into districts prior to or within 30 days after the use of the aforesaid special equipment. Besides, supervision and examination, regular examination, model testing and no-damage testing of special equipment shall be conducted by special equipment examination and testing institutions as approved according to such regulations.

- ***Supervision on sale of tobacco and alcohol***

According to the "Administrative Measures on Tobacco Monopoly Licenses" (《煙草專賣許可證管理辦法》) issued by NDRC on February 5, 2007 and enforced from March 7, 2007, hotels that sell tobacco shall apply to the competent department of tobacco monopoly administration for a tobacco monopoly retail permit. According to the "Administrative Measures on Foreign Investment in Commercial Fields" (《外商投資商業領域管理辦法》) issued by MOFCOM on April 16, 2004 and enforced on June 1, 2004, a foreign-invested commercial enterprise that engages in wholesale and retail is not allowed to operate the tobacco business. According to the "Administrative Measures on Alcohol Circulation" (《酒類流通管理辦法》) issued by MOFCOM on November 7, 2005 and enforced from January 1, 2006, an enterprise that sells alcohol shall file and register with the competent administration of commerce at the same level as the administration for industry and commerce to which the registration is made. The licensing system shall continue to apply in those regions where the licensing administration of alcohol circulation has already been carried out according to the law.

D. Legal Supervision Relating to Project Design Sector in the PRC

Under the "Administrative Regulations on the Survey and Design of Construction Projects" (《建設工程勘察設計管理條例》) promulgated by the State Council on September 25, 2000 and the "Administrative Regulations on the Survey and Design Qualifications of Construction Projects" (《建設工程勘察設計資質管理規定》) issued by MOC on June 26, 2007 and implemented from September 1, 2007, the State applies a qualification management system to entities engaging in the surveying and designing activities for construction projects. An enterprise engaged in the construction project design activities shall apply for the relevant qualifications based on conditions such as registered capital, professional technicians, technical equipment and design performances, and may only engage in construction project design activities within the scope of its qualification after passing the qualification examination and obtaining the construction project design qualification certificate.

The qualification of project design is classified into the comprehensive qualification of project design, the industrial qualification of project design, the professional qualification of project design and the special qualification of project design. The comprehensive qualification of project design comprises Grade A only, while the industrial qualification, professional qualification and special qualification of project design comprise Grade A and Grade B. Based on the nature and technical features of the projects, certain industrial, professional and special qualifications may comprise Grade C, and the professional qualification of construction projects may comprise Grade D.

An enterprise with the comprehensive qualification of project design may undertake construction project design businesses of all grades in all industries; an enterprise with the industrial qualification of project design may undertake project design businesses of the corresponding grades in the corresponding industries as well as corresponding professional and special project design businesses of the same grade in its own industry (except for the qualification of design-construction integration); an enterprise with the professional qualification of project design may undertake professional project design businesses of the corresponding grades in its own profession and corresponding special project design businesses of the same grade (except for the qualification of design-construction integration); an enterprise with the special qualification of project design may undertake special project design businesses of the corresponding grades in its own specialized field.

If an enterprises applies for the Grade A qualification of project design, or Grade B qualification of project design involving railway, transportation, water resources, information industries, civil aviation and other aspects, it shall submit an application to the competent construction departments of People's Government of the province, autonomous region or municipality directly under the Central Government of the place where it completes its industrial and commercial registration. Grade B qualification of project design (except for Grade B qualification of project design in railway, transportation, water resources, information industry, civil aviation and other aspects) and lower qualifications shall be determined by the competent construction departments of the People's Governments of a province, autonomous region and municipality directly under the Central Government according to the law.

PART 3 LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE AND TAX

A. Foreign Exchange Control

(a) General Regulations

The lawful currency of the PRC is Renminbi ("RMB"), which is subject to foreign exchange control and is not freely convertible into foreign exchange at the time being. The SAFE, under the authority of the PBOC, is empowered to administer all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to December 31, 1993, a quota system was used for the management of foreign exchange in the PRC. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE before it could convert RMB into foreign currency through the Bank of China or other designated banks. Such conversion had to be effected at the official rate prescribed by the SAFE on a daily basis.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the "Circular of the People's Bank of China Concerning Further Reform of the Foreign Currency Control System" (《中國人民銀行關於進一步改革外匯管理體制的公告》), effective from January 1, 1994 (abolished on August 28, 2009). The circular announced the abolition of the foreign exchange quota system, the implementation of conditional conversion of RMB in current account items, the establishment of the system of settlement and payment of foreign exchange by banks and the unification of the official RMB exchange rate and the RMB market rate established by swap centers.

On January 29, 1996, the State Council promulgated the "Administrative Regulations on Foreign Exchange of the People's Republic of China" (《中華人民共和國外匯管理條例》, the "Administrative Regulations on Foreign Exchange") which became effective from April 1, 1996 and was subsequently amended on January 14, 1997. The Administrative Regulations on Foreign Exchange classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to the SAFE's approval while capital account items are still subject to its approval.

On June 20, 1996, the PBOC promulgated the "Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange" (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations") which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on the convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

The Administrative Regulations on Foreign Exchange was amended by the State Council on August 1, 2008 and became effective on August 5, 2008. Under the revised Administrative Regulations on Foreign Exchange, the compulsory settlement of foreign exchange is dropped. As long as the foreign exchange income and expenses under the current accounts are based upon real and legal transactions, the foreign exchange income generated from current account transactions may be retained or sold by individuals and entities to financial institutions engaged in foreign currency settlement and sale according to the provisions and terms to be set forth by the SAFE. Whether to retain or sell the foreign exchange income generated from capital account transactions to financial institutions engaged in foreign currency settlement and sale is subject to the approval of the SAFE or its branches, except otherwise stipulated by the State. Foreign exchange or RMB funds for settlement under the capital account must be used in the way as approved by the SAFE and its branches, and the SAFE and its branches are empowered to supervise the use of the foreign exchange or RMB funds for settlement under the capital account and the alterations of the capital accounts.

On August 29, 2008, the General Affairs Department of the SAFE issued the "Circular on Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises" (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) to further regulate the administration of payment and settlement of foreign currency capital of foreign-invested enterprises in the PRC. According to the circular, RMB funds obtained by foreign-invested enterprises through foreign currency capital settlement shall be used within the business scope approved by the government authorities. Furthermore, such funds shall not be used for equity investments in the PRC unless otherwise stipulated. Except for FIREEs, foreign-invested enterprises may not use RMB funds obtained through foreign currency capital settlement to purchase real estate in the PRC other than for self-occupation.

(b) RMB Exchange Rate Regulations

On January 1, 1994, the dual exchange rate system for RMB was abolished and replaced by a single controlled floating exchange rate system, which was based on market demand and supply. Pursuant to such system, the PBOC set and published the daily RMB-US dollar exchange rate. Such exchange rate was determined with reference to the transaction price for RMB-US dollar in the inter-bank foreign exchange market on the previous day. The PBOC would also, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of RMB against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On July 21, 2005, the PBOC announced that, beginning from July 21, 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The RMB exchange rate is no longer pegged to the US dollar only. The PBOC will announce the closing price of the RMB exchange rate, such as the trading price of US dollar against RMB, in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of RMB on the following business day.

(c) Foreign Exchange Registration of Offshore Special Purpose Companies

On October 21, 2005, the SAFE issued the "Circular on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies"(《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), which became effective on November 1, 2005. According to the circular, a "special purpose company" refers to an offshore company established or indirectly controlled by a PRC resident for the purpose of carrying out offshore financing with his/her assets or equity interest in a domestic enterprise. Prior to establishing or controlling such a special purpose company, each PRC resident must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. The circular may be applied retrospectively. As a result, PRC residents who have established or acquired control of such offshore companies that have made onshore investments in the PRC in the past are required to complete the relevant overseas investment foreign exchange registration procedures by March 31, 2006.

The SAFE issued the "Circular on Further Improving and Adjusting the Direct Investment Foreign Exchange Administration Policies" (《關於進一步改進和調整直接投資外匯管理政策的通知》) on November 19, 2012, effective on December 17, 2012. The circular contains an attachment which made specific provisions on the implementation of various matters, including the foreign exchange registration and alteration of special purpose company, establishment of special purpose company and merger and acquisition of domestic enterprises, as well as foreign exchange registration of newly-established foreign-invested enterprises and merger and acquisition of domestic enterprises by foreign-invested enterprises.

(d) Special Foreign Exchange Regulations on Real Estate Enterprises

On September 1, 2006, SAFE and MOC jointly issued the "Circular on Regulating Issues Relevant to Administration of Foreign Exchange in the Real Estate Market" (《關於規範房地產市場外匯管理有關問題的通知》). The circular provides that:

- where a FIREE fails to pay the registered capital in full or to obtain a state-owned land use right certificate or to make its capital fund for a development project reach 35% of the total investment to the project, the foreign exchange bureau shall not register the foreign debt or approve the settlement of foreign debt;

- where a foreign institution or individual acquires a domestic real estate enterprise but fails to pay the transfer price in a lump sum with its (his) own fund, the foreign exchange bureau shall not register the foreign exchange income from the transfer of equities;

- the domestic and foreign investors of a FIREE shall not reach an agreement including any clauses which promise a fixed return or fixed revenue in any disguised form to any party, otherwise the foreign exchange bureau will not handle the foreign exchange registration or registration alteration for the foreign-invested enterprise; and

- the funds in the foreign exchange account exclusive for foreign investors opened by a foreign institution or individual in a domestic bank shall not be used for real estate development or operation. The circular also provides for the foreign exchange handling process related to the purchase and sale of commodity houses in the PRC by branches of overseas institutions established in the PRC, overseas individuals, Hong Kong, Macao or Taiwan residents and overseas Chinese.

B. Major Taxes Applicable to the Operations of the Group

Corporate Income Tax. Prior to the "Corporate Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》, "new Corporate Income Tax Law") and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the new income tax law, effective from January 1, 2008, a unified corporate income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises, with the exception of those enterprises that enjoyed preferential tax treatment according to laws and regulations before the new Corporate Income Tax Law took effect. However, there will be a five-year transition period for enterprises established before March 16, 2007 and enjoying a preferential income tax rate under the previous tax laws and administrative regulations.

Simultaneously, under the new Corporate Income Tax Law and its implementation rules, enterprises established under the laws of foreign jurisdictions with "de facto management body" located in China are treated as "resident enterprises" for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Under the implementation rules of the new Corporate Income Tax Law, a "de facto management body" is defined as a body that has real and overall management control over the business, personnel, accounts and properties of an enterprise.

In addition, dividends paid by a PRC subsidiary to its foreign shareholder will be subject to a withholding tax at a rate of 10% unless such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. According to the tax treaty entered into between the Mainland China and Hong Kong in August 2006, dividends paid by a foreign-invested enterprise in the Mainland China to its shareholders in Hong Kong will be subject to a withholding tax at a rate of 5% if such Hong Kong shareholder directly holds a 25% or more interest in the Mainland China enterprise.

The State Administration of Taxation issued the "Measures for Handling Corporate Income Tax on Real Estate Development and Operation" (《房地產開發經營業務企業所得稅處理辦法》) on March 6, 2009, with retrospective effect from January 1, 2008. The circular provides that the gross margin for tax calculation of the sale of uncompleted development product by an enterprise shall be determined by the state taxation bureau and local taxation bureau of each province, autonomous region and municipality directly under the Central Government pursuant to the following stipulations. For development products located in the city proper and suburbs of cities in which the People's Governments of provinces, autonomous regions, municipalities directly under the Central Government and cities specifically designated in the state plan are located, it shall not be lower than 15%; for development products located in the city proper and suburbs of prefectures or prefecture-level cities, it shall not be lower than 10%; and for development products located in other areas, it shall not be lower than 5%.

On May 12, 2010, the State Administration of Taxation issued the "Circular on Issues Concerning Conditions for Confirmation of the Completion of Real Estate Development Products" (《關於房地產開發企業開發產品完工條件確認問題的通知》), which clarifies the conditions for confirming the completion of real estate development products. According to the circular, regardless of whether the project quality has passed the inspection and acceptance, or whether the completion filing and final accounting procedures have been completed, any real estate development product meeting one of the following conditions shall be deemed as a completed development product: (1) The enterprise starts to process the delivery procedure of the development product (including the check-in procedure); (2) The development product has started to be put into use. The developer shall timely settle the tax costs of the development product, and compute its taxable income of the year.

Business Tax. Under the "Interim Regulations on Business Tax of the People's Republic of China" (《中華人民共和國營業稅暫行條例》) promulgated by the State Council on December 13, 1993 and revised on November 10, 2008, effective from January 1, 2009, providing labor service in Mainland China is subject to business tax. Taxable services include sale of real estates in Mainland China. Business tax rate is from 3% to 20%, depending on the type of services provided. Sale of real estates and other improvements on the land attracts a business tax at 5% of the turnover of selling such properties, which is payable by the selling enterprise to the relevant local tax authorities.

Value-added Tax. Under the "Interim Regulations on Value-added Tax of the People's Republic of China" (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and revised on November 5, 2008, effective from January 1, 2009, all enterprises and individuals engaged in the sale of goods, provision of processing, repair and replacement services, and the importation of goods in the PRC shall pay value-added tax. Value-added tax rate is 13% or 17%, depending on the type of goods sold or imported. For taxpayers that provide processing, repair and replacement services, the tax rate shall be 17%. Small-scale taxpayers shall pay value-added tax at a rate of 3%.

Land Appreciation Tax (LAT). Under the "Interim Regulations on Land Appreciation Tax of the People's Republic of China" (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and effective from January 1, 1994, as well as its implementation rules issued on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the "deductible items" that include the followings:

- Payment made to acquire land use rights;
- Costs and charges incurred in connection with land development;
- Construction costs and charges for newly constructed buildings and facilities, or assessed value for old buildings and facilities;
- Taxes in connection with the transfer of real estates; and
- Other deductible items allowed by MOF.

The land appreciation tax shall adopt four levels of progressive tax rates, ranging from 30% to 60% of the appreciation value as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale, where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estates taken over or recovered according to laws due to the construction needs of the State;
- Relocation due to the need of city planning and national construction;
- Due to redeployment of work or improvement of living standard, transfer by individuals of originally self-occupied residential properties after five years or more of self-residence with the approval of the tax authorities.

The State Administration of Taxation issued the "Circular on Careful Management of Land Appreciation Tax Collection" (《關於認真做好土地增值稅徵收管理工作的通知》) on July 10, 2002 to require local authorities to optimize the withholding methods of LAT. This requirement is restated in the "Circular of the State Administration of Taxation on Further Strengthening Administration Work in Relation to the Collection of Urban Land Use Tax and Land Appreciation Tax" (《國家稅務總局關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知》) issued on August 5, 2004 by the State Administration of Taxation.

On December 28, 2006, the State Administration of Taxation promulgated the "Circular Concerning the Administration of Settlement of Land Appreciation Tax Imposed on Real Estate Developers" (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), effective from February 1, 2007. Starting from February 1, 2007, real estate developers shall settle the LAT in connection with their real estate development projects with the competent tax bureau at applicable tax rates. LAT shall be settled on the basis of the real estate development projects examined and approved by the relevant authority, and projects developed in phases shall be settled on the basis of the project phase.

LAT must be paid if a project meets any one of the following requirements:

- The real estate development project has been completed and sold out;
- The entire uncompleted and unsettled development project has been transferred; or
- The land use right of the relevant project has been transferred.

In addition, the competent tax authorities may require a real estate developer to settle the LAT in any one of the following circumstances:

- For completed real estate development projects, the transferred GFA represents more than 85% of the total saleable GFA, or if the proportion is less than 85%, the remaining saleable GFA has been leased out or used by the developer;
- The project has not been sold out three years after obtaining the sale or pre-sale permit;
- The developer applies for cancellation of tax registration without having settled the LAT; or
- Other conditions stipulated by the provincial tax authorities.

The provincial tax authorities will, taking into account of the local practical conditions, stipulate specific rules or measures on the management of the LAT settlement as required by the circular.

The State Administration of Taxation issued the "Circular on the Publication of the Administrative Rules for the Settlement of Land Appreciation Tax" (《關於印發<土地增值稅清算管理規程>的通知》) on May 12, 2009, effective from June 1, 2009. The State Administration of Taxation reiterated the above standards and requirements in the circular.

On May 19, 2010, the State Administration of Taxation issued the "Circular on Issues Concerning Settlement of Land Appreciation Tax" (《關於土地增值稅清算有關問題的通知》), which clarifies the revenue recognition in the settlement of land appreciation tax and other relevant issues. According to the circular, in the settlement of land appreciation tax, if the sales invoices of commodity housing are issued in full, the revenue shall be recognized based on the amount indicated in the invoices; if sales invoices are not issued or are issued in part, the revenue shall be recognized based on the purchase price and other income indicated in the sales contract signed by both parties. If the area of a commodity housing specified in a sales contract is inconsistent with the actual area measured by the relevant authorities and the purchase price has already been made up or returned before the settlement of land appreciation tax, adjustments shall be made in the calculation of land appreciation tax. The circular provides that the deed tax paid by a real estate developer for obtaining land use right shall be treated as the "relevant fees paid in accordance with the uniform regulations of the State" and be deducted as the "amount paid for obtaining land use right".

On May 25, 2010, the State Administration of Taxation published the "Circular on Strengthening the Collection and Administration of Land Appreciation Tax" (《關於加強土地增值稅徵管工作的通知》) to require all local governments to scientifically formulate the withholding tax rate and strengthen the withholding of land appreciation tax. According to the circular, all local governments shall make adjustments to the current withholding rate. Apart from indemnificatory housing, the withholding rate of provinces in the eastern region shall not be lower than 2%, the provinces in the central and northeastern region shall not be lower than 1.5% and the provinces in western region shall not be lower than 1%. The local governments shall determine the appropriate withholding rates applicable to different types of real estates.

Deed Tax. Under the "Interim Regulations on Deed Tax of the People's Republic of China" (《中華人民共和國契稅暫行條例》) promulgated by the State Council on July 7, 1997 and effective from October 1, 1997, deed tax is chargeable to transferees of land use right and/or ownership of real estates in the PRC. These taxable transfers include:

- Grant of state-owned land use rights;
- Sale, gift and exchange of land use rights; and
- Sale, gift and exchange of buildings.

Deed tax rate is from 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

On September 29, 2010, the State Administration of Taxation, MOF and MOHURD issued the "Circular on Adjusting the Preferential Policies on Deed Tax and Individual Income Tax in Real Estate Deals" (《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》), effective from October 1, 2010, which provides that where an individual purchases an ordinary house as the sole house for his/her family (family members include the purchaser and his/her spouse and minor children, hereinafter the same) to live in, deed tax thereon shall be reduced by half. Where an individual purchases an ordinary house of 90 sq.m. or less as the sole house for his/her family to live in, the deed tax shall be reduced and levied at the rate of 1%. The tax authority shall inquire about the deed tax payment record of a taxpayer. In respect of individual purchase of an ordinary house that fails to satisfy the above requirements, no preferential tax policies set out above may be enjoyed.

Urban Land Use Tax. Pursuant to the "Interim Regulations on Urban Land Use Tax of the People's Republic of China" (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council on September 27, 1988 and revised on December 31, 2006, the urban land use tax is levied based on the area of the relevant land. As of January 1, 2007, the annual tax on each sq.m. of urban land shall be between RMB0.6 and RMB30.0.

Real Estate Tax. Under the "Interim Regulations on Real Estate Tax of the People's Republic of China" (《中華人民共和國房產稅暫行條例》) promulgated by the State Council on September 15, 1986 and effective from October 1, 1986, the real estate tax is 1.2% if calculated on the basis of the residual value of the real estate and 12% if calculated on the basis of the rental of the real estate.

The State Council approved in January 2011, on a trial basis, the launch of a new real estate tax scheme on individual housing in selected cities. The detailed measures would be formulated by the governments of the pilot provinces, autonomous regions or municipalities directly under the Central Government. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot real estate tax schemes, which became effective on January 28, 2011.

Stamp Duty. Under the "Interim Regulations on Stamp Duty of the People's Republic of China" (《中華人民共和國印花稅暫行條例》) promulgated by the State Council on August 6, 1988 and effective from October 1, 1988, for transfer instruments of property rights, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and certificates of land use right, stamp duty is levied on an item-by-item basis of RMB5.0 per item.

Urban Maintenance and Construction Tax. Under the "Interim Regulations on Urban Maintenance and Construction Tax of the People's Republic of China" (《中華人民共和國城市維護建設稅暫行條例》) promulgated by the State Council on February 8, 1985, starting from the year of 1985 any taxpayer of product tax, value-added tax or business tax, whether an enterprise or an individual, is liable for an urban maintenance and construction tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area, county or town.

On October 18, 2010, the State Council issued the "Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals" (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》), which provides that, starting from December 1, 2010, the "Interim Regulations on Urban Maintenance and Construction Tax of the People's Republic of China" promulgated in 1985 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on urban maintenance and construction tax promulgated by the State Council and the competent finance and tax authorities under the State Council since 1985 shall also be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

Education Surcharge. Under the "Interim Provisions on Imposition of Education Surcharge" (《徵收教育費附加的暫行規定》) promulgated by the State Council on April 28, 1986 and revised on June 7, 1990 and August 20, 2005 respectively, any taxpayer of value-added tax, business tax or consumption tax, whether an individual or an enterprise, is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the "Circular of the State Council on Raising Funds for Schools in Rural Areas" (《國務院關於籌措農村學校辦學經費的通知》).

On October 18, 2010, the State Council issued the "Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals", which provides that, starting from December 1, 2010, the "Interim Provisions on Imposition of Education Surcharge" promulgated in 1986 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on education surcharge promulgated by the State Council and the competent finance and tax authorities under the State Council since 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on July 15, 2013 under the Cayman Islands Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on March 12, 2014 and effective from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Islands Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Islands Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or

(ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three (3) years, upon which each Director shall be eligible for re-election.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Islands Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Cayman Islands Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Islands Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Cayman Islands Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Islands Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

(i) the chairman of the meeting; or

(ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Hong Kong Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Islands Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Hong Kong Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Islands Companies Law and the Hong Kong Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Hong Kong Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Cayman Islands Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Hong Kong Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Hong Kong Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Hong Kong Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Hong Kong Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman Islands Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Hong Kong Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Hong Kong Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on July 15, 2013 subject to the Cayman Islands Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Islands Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

In accordance with the Cayman Islands Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Islands Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Islands Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Islands Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Islands Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Cayman Islands Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Islands Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Islands Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Islands Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is *ultra vires* the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Cayman Islands Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Cayman Islands Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Islands Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 30 July 2013.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Cayman Islands Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Islands Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Islands Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Islands Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VIII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on July 15, 2013. Our Company has established a principal place of business in Hong Kong at Unit 2902, 29th Floor, China Insurance Group Building, No. 141 Des Voeux Road Central, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Predecessor Companies Ordinance on November 13, 2013. Ms. Lo Yee Har Susan and Ms. Leung Ching Ching have been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong on behalf of our Company.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands Companies Law and to its constitution comprising a memorandum of association and articles of association. A summary of certain provisions of the Articles and relevant aspects of the Cayman Islands company law is set forth in Appendix VI to this prospectus.

2. Changes in share capital of our Company

The authorized share capital of our Company as of the date of its incorporation was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each.

On July 25, 2013, we allotted and issued 1 Share to Reid Services Limited, which was transferred to AAA Finance on the same day.

On August 29, 2013, we allotted and issued 73,323 Shares to AAA Finance, the consideration of which was the transfer of the entire issued share capital in BVI 3A from Mr. Huang Liping to our Company.

On September 13, 2013, we allotted and issued 15,997 Shares to Technology Investment HK, the consideration of which was the transfer of the approximate 16% equity interests in HK 3A from Technology Investment HK to BVI 3A. On the same day, AAA Finance transferred 4,000 Shares and 9,734 Shares of our Company to Lidao BVI and Qianbao BVI at par value, respectively. On the same day, we also allotted and issued 10,679 Shares to Hengxin PTC, at a total consideration of RMB49,820,400. Upon the completion, Technology Investment HK, AAA Finance, Lidao BVI, Qianbao BVI and Hengxin PTC held 15,997 Shares, 59,590 Shares, 4,000 Shares, 9,734 Shares and 10,679 Shares, accounting for 15.997%, 59.590%, 4%, 9.734% and 10.679% of our issued share capital respectively.

Pursuant to the resolutions in writing of all our Shareholders passed on March 12, 2014, the authorized share capital of our Company was increased from HK$380,000 to HK$1,000,000,000 by the creation of an additional 9,996,200,000 Shares.

Immediately following the Capitalization Issue and completion of the Global Offering but not taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$400,000,000 divided into 4,000,000,000 Shares, all fully paid or credited as fully paid and 6,000,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the paragraph headed "Resolutions in writing of all our Shareholders passed on March 12, 2014" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of all our Shareholders passed on March 12, 2014

(i) Pursuant to the resolutions in writing of all our Shareholders passed on March 12, 2014:

(a) our Company approved and adopted the Memorandum and Articles, which will come into effect upon Listing;

(b) the authorized share capital of our Company was increased from HK$380,000 to HK$1,000,000,000 by the creation of an additional 9,996,200,000 Shares;

(c) conditional upon (i) the Listing Committee of the Hong Kong Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be issued (pursuant to the Global Offering, the Capitalization Issue and the exercise of the Over-allotment Option); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:

(i) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the new Shares pursuant to the Global Offering; and

(ii) the proposed listing of the Shares on the Hong Kong Stock Exchange as mentioned in this prospectus was approved and our Directors were authorized to implement such listing;

(d) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 2,999,900,000 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company maintained by the Hong Kong Share Registrar at 8:00 a.m. on the Listing Date (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK$299,990,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

(e) a general unconditional mandate was granted to our Directors to, inter alia, issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors shall not exceed the aggregate of:

(i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue referred to in sub-paragraph (d) above and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

The total nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to:

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; or

(c) any specific authority granted by the Shareholders in general meeting.

This general mandate to issue Shares will expire at the earliest of:

(1) the conclusion of our next annual general meeting;

(2) the end of the period within which we are required by any applicable law or the Articles to hold our next annual general meeting; or

(3) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

(f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the Capitalization Issue and completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Hong Kong Listing Rules and all applicable laws. Such mandate will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(g) the general unconditional mandate as mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (f) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the Capitalization Issue and completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of the Shares on the Hong Kong Stock Exchange. See the section headed "Our History, Reorganization and Group Structure" in this prospectus for further details.

5. Changes in the share capital of our subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus:

BVI 3A

On August 29, 2013, the entire issued share capital of BVI 3A was transferred from Mr. Huang Liping to our Company, the consideration of which was the allotment and issuance of 73,323 Shares of our Company to AAA Finance.

HK3A

On August 30, 2013, the authorized share capital of HK 3A was increased from HK$1,000,000 divided into 1,000,000 ordinary shares with nominal value of HK$1.0 each to HK10,000,000 divided into 10,000,000 ordinary shares with nominal value of HK$1.0 each.

On August 30, 2013, HK 3A allotted and issued 190,476 ordinary shares to Technology Investment HK at the consideration of RMB215,000,000. Upon completion of the allotment, HK 3A was held as to approximately 84% by BVI 3A and 16% by Technology Investment HK respectively and the issued share capital of HK 3A was increased from HK$1,000,000 divided into 1,000,000 ordinary shares with nominal value of HK$1.0 each to HK1,190,476 divided into 1,190,476 ordinary shares with nominal value of HK$1.0 each.

On September 13, 2013, Technology Investment HK transferred its approximately 16% equity interests in HK3A to BVI 3A, the consideration of which was the allotment and issuance of 15,997 Shares to Technology Investment HK. Upon the completion of transfer, HK3A was wholly-owned by BVI 3A.

AAA Industries Limited

On November 5, 2012, HK3A transferred 30,115,040 ordinary shares of AAA Industries Limited, which were held by HK3A on behalf of and for the benefit of Hubei Science & Technology Investment pursuant to a trust agreement dated December 27, 2006 entered into between Hubei Science & Technology Investment and HK3A, representing the entire issued share capital of AAA Industries Limited, a company incorporated in Hong Kong, to Mr. Huang Liping at the consideration of HK$30,115,040. Upon the completion of the transfer, AAA Industries Limited was wholly-owned by Mr. Huang Liping. AAA Industries Limited was subsequently dissolved and deregistered in June 2013 pursuant to section 291AA(9) of the Predecessor Companies Ordinance.

Wuhan United Real Estate

On February 24, 2012, Wuhan Qianbao Property and Wuhan Lido Investment transferred their 45% and 10% equity interests in Wuhan United Real Estate to HK3A at the consideration of RMB14,334,000 and RMB16,250,000 respectively. Upon the completion of the said share transfer, Wuhan United Real Estate was wholly-owned by HK3A.

Wuhan Optics Valley Union

On February 11, 2012, Wuhan Qianbao Property transferred its 3.906% equity interests in Wuhan Optics Valley Union to Wuhan United Real Estate at the consideration of RMB22,875,000. Upon the completion of the said share transfer, Wuhan Optics Valley Union was owned as to 67.33% by Wuhan United Real Estate, 15.997% by Hubei Science & Technology Investment, 16.673% by Mr. Huang Liping and other 151 individuals.

On April 10, 2012, Zhang Feng, Wu Yongrong and Yuan Binquan transferred respectively 250,000 shares, 250,000 shares and 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate at the consideration of RMB2.88 per share. Wang Dan, Jin Liping, Zhang Ligong and Jiang Cuiqin also transferred respectively 90,000 shares, 30,000 shares, 30,000 shares and 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate at the consideration of RMB3.08 per share. Upon the completion of the said share transfers, Wuhan Optics Valley Union was held as to 67.585% by Wuhan United Real Estate, 15.997% by Hubei Science & Technology Investment, 16.418% by Mr. Huang Liping and other 144 individuals.

On October 19, 2012, 139 individuals transferred a total of 9.314% equity interests in Wuhan Optics Valley Union to Wuhan United Real Estate at three levels of consideration of RMB0.456 per share, RMB2.88 per share and RMB3.32 per share. Upon the completion of such transfer, Wuhan Optics Valley Union was held as to 76.894% by Wuhan United Real Estate, 15.997% by Hubei Science & Technology Investment, 7.109% by Mr. Huang Liping and other 5 individuals, namely Hu Bin, Chen Tongju, Wang Yuancheng, Liu Yueying and Chen Huifen.

On May 13, 2013, Mr. Huang Liping and other 5 individuals transferred their 7.109% equity interests in Wuhan Optics Valley Union to Wuhan United Real Estate at two levels of consideration of RMB1.14 per share and RMB2.88 per share. Upon the completion of the said share transfers, Wuhan Optics Valley Union was held as to 84.003% by Wuhan United Real Estate and 15.997% by Hubei Science & Technology Investment.

On August 22, 2013, Hubei Science & Technology Investment transferred its 15.997% equity interests in Wuhan Optics Valley Union to Wuhan United Real Estate at the consideration of RMB215,000,000. Upon the completion of the said share transfers, Wuhan Optics Valley Union was wholly-owned by Wuhan United Real Estate.

Huangshi OVU Development

On August 8, 2012, the registered share capital of Huangshi OVU Development was increased from RMB10,000,000 to RMB100,000,000, which was wholly-owned by Wuhan Optics Valley Union.

Qingdao OVU Development

On April 24, 2012, the registered share capital of Qingdao OVU Development was increased from RMB100,000,000 to RMB200,000,000, which was wholly-owned by Wuhan Optics Valley Union.

Wuhan Xuefu

On November 28, 2011, Wuhan East Lake High-tech Group Co., Ltd. (武漢東湖高新集團股份有限公司) transferred its 2% equity interests in Wuhan Xuefu to Wuhan Optics Valley Union at the consideration of approximately RMB4,448,400. Upon the completion of the said share transfer, Wuhan Xuefu was held as to 49% by Wuhan East Lake High Technology and 51% by Wuhan Optics Valley Union.

Wuhan Lido Technology

On January 11, 2012, the registered share capital of Wuhan Lido Technology was increased from RMB10,000,000 to RMB20,000,000, which was wholly-owned by Wuhan Optics Valley Union.

Wuhan Lido Property Management

On December 29, 2011, the registered share capital of Wuhan Lido Property Management was increased from RMB5,000,000 to RMB105,000,000, which was wholly-owned by Wuhan Optics Valley Union.

Wuhan Quanpai Catering Management

On September 22, 2011, Wuhan Lido Property Management transferred its entire equity interests in Wuhan Quanpai Catering Management to Wuhan Optics Valley Union at the consideration of RMB3,000,000. Upon the completion of the said share transfer, Wuhan Quanpai Catering Management was wholly-owned by Wuhan Optics Valley Union.

Wuhan Qianbao Media

On October 13, 2011, Wuhan Lido Property Management and Mr. Yao Hua transferred their 80% and 20% equity interests in Wuhan Qianbao Media to Wuhan Optics Valley Union at the consideration of RMB240,000 and RMB60,000, respectively. Upon the completion of the said share transfers, Wuhan Qianbao Media was wholly-owned by Wuhan Optics Valley Union.

Wuhan Jitian Construction

On January 6, 2012, Wuhan Optics Valley Union transferred its entire equity interests in Wuhan Jitian Construction to Wuhan Lido Property Management at the consideration of RMB100,000,000. Upon the completion of the said share transfer, Wuhan Jitian Construction was wholly-owned by Wuhan Lido Property Management.

On May 14, 2013, Wuhan Lido Property Management transferred its entire equity interests in Wuhan Jitian Construction to Wuhan Optics Valley Union at the consideration of RMB100,000,000. At the same time, the registered share capital of Wuhan Jitian Construction was increased from RMB100,000,000 to RMB210,000,000. Upon the completion of the said share transfer and capital increase, Wuhan Jitian Construction was wholly-owned by Wuhan Optics Valley Union.

On June 4, 2013, Wuhan Optics Valley Union transferred its 75% equity interests in Wuhan Jitian Construction to HK3A at the consideration of RMB157,500,000. Upon the completion of the said share transfer, Wuhan Jitian Construction was held as to 25% by Wuhan Optics Valley Union and 75% by HK3A.

Energy Conservation Technology Park

On May 9, 2012, Wuhan Optics Valley Union and Hubei Science & Technology Investment injected RMB140,000,000 and RMB10,000,000 respectively to the registered share capital of Energy Conservation Technology Park, therefore the registered share capital of Energy Conservation Technology Park was increased from RMB50,000,000 to RMB200,000,000. Upon the completion of the capital injection, Energy Conservation Science Park was held as to 70% by Wuhan Optics Valley Union and 30% by Hubei Science & Technology Investment.

Wuhan Financial Harbour Development

On May 11, 2012, Wuhan Optics Valley Union and Hubei Science & Technology Investment injected RMB140,000,000 and RMB10,000,000 respectively to the registered share capital of Wuhan Financial Harbour Development, therefore the registered share capital of Wuhan Financial Harbour Development was increased from RMB50,000,000 to RMB200,000,000. Upon the completion of the capital injection, Wuhan Financial Harbour Development was held as to 70% by Wuhan Optics Valley Union and 30% by Hubei Science & Technology Investment.

Optics Valley Software Park

On May 29, 2012, Dalian Software Park Co., Ltd. (大連軟件園股份有限公司) transferred its 50% equity interests in Optics Valley Software Park to Wuhan Optics Valley Union at the consideration of RMB41,500,000. Upon the completion of the said share transfer, Optics Valley Software Park was held as to 50% by Wuhan Optics Valley Union and 50% by Hubei Science & Technology Investment.

On May 17, 2013, Hubei Science & Technology Investment transferred its 50% equity interests in Optics Valley Software Park to Optics Valley Union at the consideration of RMB35,054,250. Upon the completion of the said share transfer, Optics Valley Software Park was wholly-owned by Wuhan Optics Valley Union.

Hubei Soft View Occupation School (湖北軟景職業學校)

On May 29, 2012, Dalian Software Park Co., Ltd. (大連軟件園股份有限公司) transferred its 50% equity interests in Optics Valley Software Park to Wuhan Optics Valley Union at the consideration of RMB41,500,000. As the wholly-owned subsidiary of Optics Valley Software Park, Hubei Soft View Occupation School became our subsidiary on the same date. However, Hubei Soft View Occupation School was subsequently dissolved and deregistered on February 1, 2013.

OV Energy Conservation Technology

On September 12, 2013, Wuhan Optics Valley Union acquired 5% equity interests in OV Energy Conservation Technology from Wuhan Boshun Technology Co., Ltd. (武漢博順科技有限責任公司). Upon the completion of the said share transfer, OV Energy Conservation Technology was held as to 80% by Wuhan Optics Valley Union and 20% by Wuhan High-tech Thermal Power Co., Ltd. (武漢高新熱電股份有限公司).

Hubei Technology Enterprise Accelerator

On November 25, 2013, Wuhan Optics Valley Union injected RMB50,000,000 to the registered share capital of Hubei Technology Enterprise Accelerator, therefore the registered share capital of Hubei Technology Enterprise Accelerator was increased from RMB100,000,000 to RMB150,000,000. Upon the completion of the capital injection, Hubei Technology Enterprise Accelerator was held as to 80% by Wuhan Optics Valley Union, 13.3% by Hubei High-tech Industrial Investment Co., Ltd. (湖北省高新技術產業投資有限公司), and 6.7% by Hubei Gedian Development Zone Construction Investment Co., Ltd. (湖北省葛店開發區建設投資有限公司).

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 1 to the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of Shares by our Company

(a) Provisions of the Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies whose primary listing is on the Main Board of the Hong Kong Stock Exchange to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Hong Kong Stock Exchange by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*Note*: Pursuant to the resolutions in writing of all our Shareholders passed on March 12, 2014, a general unconditional mandate (the "Buyback Mandate") was granted to our Directors authorizing the repurchase by our Company on the Hong Kong Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange as amended from time to time.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits of our Company or from the proceeds of a fresh issue of shares made for the purpose of the purchase or, if authorized by the Articles and subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Islands Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Buyback Mandate is exercised in full.

(d) Share capital

Exercise in full of the Buyback Mandate, on the basis of 4,000,000,000 Shares in issue immediately after the listing of the Shares (but not taking into account Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 400,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Hong Kong Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No connected person (as defined in the Hong Kong Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Our Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering, then, taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 400,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders, will increase to approximately 52.99% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. In the event that the Buyback Mandate is exercised in full, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Hong Kong Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Hong Kong Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Hong Kong Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus:

(1) the equity transfer agreement between Wuhan United Real Estate and Jin Liping (金立平) dated March 26, 2012, whereby Jin Liping agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB92,400 based on the price of RMB3.08 per share;

(2) the equity transfer agreement between Wuhan United Real Estate and Wang Dan (王丹) dated March 27, 2012, whereby Wang Dan agreed to transfer his/her 90,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB277,200 based on the price of RMB3.08 per share;

(3) the equity transfer agreement between Wuhan United Real Estate and Zhang Ligong (張利工) dated March 27, 2012, whereby Zhang Ligong agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB92,400 based on the price of RMB3.08 per share;

(4) the equity transfer agreement between Wuhan United Real Estate and Wu Yongrong (吳永榮) dated March 29, 2012, whereby Wu Yongrong agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(5) the equity transfer agreement between Wuhan United Real Estate and Zhang Feng (張峰) dated March 31, 2012, whereby Zhang Feng agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(6) the equity transfer agreement between Wuhan United Real Estate and Jiang Cuiqin (江翠琴) dated March 31, 2012, whereby Jiang Cuiqin agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB308,000 (being RMB304,000 after deduction of the equity transfer tax withheld and paid by Wuhan United Real Estate for and on behalf of Jiang Cuiqin) based on the price of RMB3.08 per share;

(7) the capital increase agreement among Hubei Science & Technology Investment, Wuhan Optics Valley Union and Energy Conservation Technology Park dated May 3, 2012, whereby, among other things, the parties agreed to increase the registered capital of Energy Conservation Technology Park to RMB200 million with Hubei Science & Technology Investment and Wuhan Optics Valley Union injecting RMB10,000,000 and RMB140,000,000 respectively to the registered capital of Energy Conservation Technology Park;

(8) the capital increase agreement among Hubei Science & Technology Investment, Wuhan Optics Valley Union and Wuhan Financial Harbour Development dated May 6, 2012, whereby, among other things, the parties agreed to increase the registered capital of Wuhan Financial Harbour Development to RMB200 million with Hubei Science & Technology Investment and Wuhan Optics Valley Union injecting RMB10,000,000 and RMB140,000,000 respectively to the registered capital of Wuhan Financial Harbour Development;

(9) the equity transfer agreement between Dalian Software Park Co., Ltd. (大連軟件園股份有限公司) ("Dalian Software"), Wuhan Optics Valley Union and Hubei Science & Technology Investment (as guarantor) dated May 14, 2012, whereby Dalian Software agreed to transfer its 50% equity interests in Optics Valley Software Park to Wuhan Optics Valley Union for a consideration of RMB41,500,000;

(10) the equity transfer agreement between Wuhan United Real Estate and Xu Xiaohua (徐小華) dated May 28, 2012, whereby Xu Xiaohua agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(11) the equity repurchase agreement between Wuhan United Real Estate and Wang Xianhong (王先紅) dated June 7, 2012, whereby Wang Xianhong agreed to transfer his/her 2,250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,026,000;

(12) the equity repurchase agreement between Wuhan United Real Estate and Yong Hui (雍暉) dated June 7, 2012, whereby Yong Hui agreed to transfer his/her 1,250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB570,000;

(13) the equity repurchase agreement between Wuhan United Real Estate and Yang Hua (楊樺) dated June 7, 2012, whereby Yang Hua agreed to transfer his/her 1,250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB570,000;

(14) the equity repurchase agreement between Wuhan United Real Estate and Li Jinsong (李勁松) dated June 7, 2012, whereby Li Jinsong agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(15) the equity repurchase agreement between Wuhan United Real Estate and Liu Yansong (劉岩松) dated June 7, 2012, whereby Liu Yansong agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(16) the equity repurchase agreement between Wuhan United Real Estate and Chen Dabin (陳大斌) dated June 7, 2012, whereby Chen Dabin agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(17) the equity repurchase agreement between Wuhan United Real Estate and Peng Tao (彭濤) dated June 7, 2012, whereby Peng Tao agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(18) the equity repurchase agreement between Wuhan United Real Estate and Zhang Xuelian (張雪蓮) dated June 7, 2012, whereby Zhang Xuelian agreed to transfer his/her 550,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB250,800;

(19) the equity repurchase agreement between Wuhan United Real Estate and Huang Min (黃敏) dated June 7, 2012, whereby Huang Min agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(20) the equity repurchase agreement between Wuhan United Real Estate and Yao Hua (姚華) dated June 7, 2012, whereby Yao Hua agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(21) the equity repurchase agreement between Wuhan United Real Estate and Huang Yongping (黃永平) dated June 7, 2012, whereby Huang Yongping agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(22) the equity repurchase agreement between Wuhan United Real Estate and Zhai Hongtao (翟紅濤) dated June 7, 2012 (as supplemented by a supplemental

agreement dated March 28, 2013), whereby Zhai Hongtao agreed to transfer his/her 350,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,008,000 based on the price of RMB2.88 per share;

(23) the equity repurchase agreement between Wuhan United Real Estate and Jia Zihua (賈子華) dated June 7, 2012, whereby Jia Zihua agreed to transfer his/her 300,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB136,800;

(24) the equity repurchase agreement between Wuhan United Real Estate and Qu Bin (曲濱) dated June 7, 2012, whereby Qu Bin agreed to transfer his/her 750,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB342,000;

(25) the equity repurchase agreement between Wuhan United Real Estate and Yuan Jun (袁俊) dated June 7, 2012, whereby Yuan Jun agreed to transfer his/her 375,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB171,000;

(26) the equity repurchase agreement between Wuhan United Real Estate and Liu Shuheng (劉書恒) dated June 7, 2012, whereby Liu Shuheng agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB228,000;

(27) the equity repurchase agreement between Wuhan United Real Estate and Yuan Hucheng (袁虎成) dated June 7, 2012, whereby Yuan Hucheng agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(28) the equity repurchase agreement between Wuhan United Real Estate and Li Dan (李丹) dated June 7, 2012, whereby Li Dan agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB228,000;

(29) the equity repurchase agreement between Wuhan United Real Estate and Wang Liming (王黎明) dated June 7, 2012, whereby Wang Liming agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB228,000;

(30) the equity repurchase agreement between Wuhan United Real Estate and Huang Yina (黃亦娜) dated June 7, 2012, whereby Huang Yina agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB228,000;

(31) the equity repurchase agreement between Wuhan United Real Estate and Xu Liyou (徐禮有) dated June 7, 2012, whereby Xu Liyou agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(32) the equity repurchase agreement between Wuhan United Real Estate and Gan Xingsong (甘行松) dated June 7, 2012, whereby Gan Xingsong agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB228,000;

(33) the equity repurchase agreement between Wuhan United Real Estate and Dai Zhibin (代治斌) dated June 7, 2012, whereby Dai Zhibin agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB228,000;

(34) the equity repurchase agreement between Wuhan United Real Estate and Shu Hongsheng (舒宏生) dated June 7, 2012, whereby Shu Hongsheng agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(35) the equity repurchase agreement between Wuhan United Real Estate and Xia Bo (夏波) dated June 7, 2012, whereby Xia Bo agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(36) the equity repurchase agreement between Wuhan United Real Estate and Cai Donglai (蔡東來) dated June 7, 2012, whereby Cai Donglai agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(37) the equity repurchase agreement between Wuhan United Real Estate and Yu Liang (俞亮) dated June 7, 2012, whereby Yu Liang agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(38) the equity repurchase agreement between Wuhan United Real Estate and Yang Hongjuan (楊紅娟) dated June 7, 2012, whereby Yang Hongjuan agreed to transfer his/her 300,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB136,800;

(39) the equity repurchase agreement between Wuhan United Real Estate and Wu Yaobin (吳耀斌) dated June 7, 2012, whereby Wu Yaobin agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(40) the equity repurchase agreement between Wuhan United Real Estate and Su Xiangxue (蘇向學) dated June 7, 2012, whereby Su Xiangxue agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(41) the equity repurchase agreement between Wuhan United Real Estate and Wang Liang (王亮) dated June 7, 2012, whereby Wang Liang agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB22,800;

(42) the equity repurchase agreement between Wuhan United Real Estate and Yu Dehan (喻德漢) dated June 7, 2012, whereby Yu Dehan agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(43) the equity repurchase agreement between Wuhan United Real Estate and Wei Xuewu (衞學武) dated June 7, 2012, whereby Wei Xuewu agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(44) the equity repurchase agreement between Wuhan United Real Estate and Meng Xiangang (孟憲剛) dated June 7, 2012, whereby Meng Xiangang agreed to transfer his/her 130,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB59,280;

(45) the equity repurchase agreement between Wuhan United Real Estate and Hu Pingli (胡平利) dated June 7, 2012, whereby Hu Pingli agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(46) the equity repurchase agreement between Wuhan United Real Estate and Pan Qi (潘琪) dated June 7, 2012, whereby Pan Qi agreed to transfer his/her 70,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB31,920;

(47) the equity repurchase agreement between Wuhan United Real Estate and Zeng Jianzhong (曾建中) dated June 7, 2012, whereby Zeng Jianzhong agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(48) the equity repurchase agreement between Wuhan United Real Estate and Cai Xianzhi (蔡先芝) dated June 7, 2012, whereby Cai Xianzhi agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB45,600;

(49) the equity repurchase agreement between Wuhan United Real Estate and Li Zixue (李自學) dated June 7, 2012, whereby Li Zixue agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(50) the equity repurchase agreement between Wuhan United Real Estate and Jin Bei (金蓓) dated June 7, 2012, whereby Jin Bei agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(51) the equity repurchase agreement between Wuhan United Real Estate and Gong Damin (鞏大民) dated June 7, 2012, whereby Gong Damin agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB456,000;

(52) the equity repurchase agreement between Wuhan United Real Estate and Chen Jiang (陳疆) dated June 7, 2012, whereby Chen Jiang agreed to transfer his/her 125,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,000;

(53) the equity repurchase agreement between Wuhan United Real Estate and Wu Liping (吳利萍) dated June 7, 2012, whereby Wu Liping agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB114,000;

(54) the equity transfer agreement between Wuhan United Real Estate and Liu Yansong (劉岩松) dated July 3, 2012, whereby Liu Yansong agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(55) the equity transfer agreement between Wuhan United Real Estate and Huang Min (黃敏) dated July 3, 2012, whereby Huang Min agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(56) the equity transfer agreement between Wuhan United Real Estate and Yao Hua (姚華) dated July 3, 2012, whereby Yao Hua agreed to transfer his/her 750,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB2,160,000 based on the price of RMB2.88 per share;

(57) the equity transfer agreement between Wuhan United Real Estate and Huang Yongping (黃永平) dated July 3, 2012, whereby Huang Yongping agreed to transfer his/her 260,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB748,800 based on the price of RMB2.88 per share;

(58) the equity transfer agreement between Wuhan United Real Estate and Gan Xingsong (甘行松) dated July 3, 2012, whereby Gan Xingsong agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,440,000 based on the price of RMB2.88 per share;

(59) the equity transfer agreement between Wuhan United Real Estate and Su Xiangxue (蘇向學) dated July 3, 2012, whereby Su Xiangxue agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(60) the equity transfer agreement between Wuhan United Real Estate and Dong Liang (董亮) dated July 3, 2012, whereby Dong Liang agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(61) the equity transfer agreement between Wuhan United Real Estate and Yin Bitao (尹碧濤) dated July 3, 2012, whereby Yin Bitao agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB172,800 based on the price of RMB2.88 per share;

(62) the equity transfer agreement between Wuhan United Real Estate and Sun Mingjing (孫明菁) dated July 3, 2012, whereby Sun Mingjing agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(63) the equity transfer agreement between Wuhan United Real Estate and Zheng Hongtao (鄭紅濤) dated July 3, 2012, whereby Zheng Hongtao agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(64) the equity transfer agreement between Wuhan United Real Estate and Shi Qiuling (石秋玲) dated July 3, 2012, whereby Shi Qiuling agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(65) the equity transfer agreement between Wuhan United Real Estate and Zhu Jiangang (朱建綱) dated July 3, 2012, whereby Zhu Jiangang agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(66) the equity transfer agreement between Wuhan United Real Estate and Li Xiangdong (李向東) dated July 3, 2012, whereby Li Xiangdong agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(67) the equity transfer agreement between Wuhan United Real Estate and Li Hong (李紅) dated July 3, 2012, whereby Li Hong agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(68) the equity transfer agreement between Wuhan United Real Estate and Yuan Changpeng (袁昌鵬) dated July 3, 2012, whereby Yuan Changpeng agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(69) the equity transfer agreement between Wuhan United Real Estate and Duan Qingsong (段青松) dated July 3, 2012, whereby Duan Qingsong agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(70) the equity transfer agreement between Wuhan United Real Estate and Jiang Fei (蔣飛) dated July 3, 2012, whereby Jiang Fei agreed to transfer his/her 80,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB230,400 based on the price of RMB2.88 per share;

(71) the equity transfer agreement between Wuhan United Real Estate and Chen Hu (陳虎) dated July 3, 2012, whereby Chen Hu agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(72) the equity transfer agreement between Wuhan United Real Estate and Sun Wei (孫巍) dated July 3, 2012, whereby Sun Wei agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(73) the equity transfer agreement between Wuhan United Real Estate and Zhou Pei (周佩) dated July 3, 2012, whereby Zhou Pei agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(74) the equity transfer agreement between Wuhan United Real Estate and Zhang Mei (張眉) dated July 3, 2012, whereby Zhang Mei agreed to transfer his/her 40,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB115,200 based on the price of RMB2.88 per share;

(75) the equity transfer agreement between Wuhan United Real Estate and Huang Li (黃黎) dated July 3, 2012, whereby Huang Li agreed to transfer his/her 40,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB115,200 based on the price of RMB2.88 per share;

(76) the equity transfer agreement between Wuhan United Real Estate and He Jiantao (何劍濤) dated July 3, 2012, whereby He Jiantao agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB172,800 based on the price of RMB2.88 per share;

(77) the equity transfer agreement between Wuhan United Real Estate and Huang Feng (黃鋒) dated July 3, 2012, whereby Huang Feng agreed to transfer his/her 600,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,728,000 based on the price of RMB2.88 per share;

(78) the equity transfer agreement between Wuhan United Real Estate and Yu Xuewen (余學文) dated July 3, 2012, whereby Yu Xuewen agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(79) the equity transfer agreement between Wuhan United Real Estate and Cui Yaqiang (崔亞強) dated July 3, 2012, whereby Cui Yaqiang agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(80) the equity transfer agreement between Wuhan United Real Estate and Huang Jianxi (黃建喜) dated July 3, 2012, whereby Huang Jianxi agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(81) the equity transfer agreement between Wuhan United Real Estate and Chen Jing (陳靜) dated July 3, 2012, whereby Chen Jing agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(82) the equity transfer agreement between Wuhan United Real Estate and Cheng Lu (程路) dated July 3, 2012, whereby Cheng Lu agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(83) the equity transfer agreement between Wuhan United Real Estate and Cai Huirong (蔡慧榮) dated July 3, 2012, whereby Cai Huirong agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(84) the equity transfer agreement between Wuhan United Real Estate and Tu Lanying (涂蘭英) dated July 3, 2012, whereby Tu Lanying agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB86,400 based on the price of RMB2.88 per share;

(85) the equity transfer agreement between Wuhan United Real Estate and Li Ping (李萍) dated July 3, 2012, whereby Li Ping agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(86) the equity transfer agreement between Wuhan United Real Estate and Dai Sheng (戴聖) dated July 3, 2012, whereby Dai Sheng agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(87) the equity transfer agreement between Wuhan United Real Estate and Xu Qi (徐奇) dated July 3, 2012, whereby Xu Qi agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB86,400 based on the price of RMB2.88 per share;

(88) the equity transfer agreement between Wuhan United Real Estate and Yu Zhenyu (喻鎮宇) dated July 3, 2012, whereby Yu Zhenyu agreed to transfer his/her 70,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB201,600 based on the price of RMB2.88 per share;

(89) the equity transfer agreement between Wuhan United Real Estate and Yuan Jun (袁峻) dated July 3, 2012, whereby Yuan Jun agreed to transfer his/her 3,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB8,640,000 based on the price of RMB2.88 per share;

(90) the equity transfer agreement between Wuhan United Real Estate and Lu Yida (盧奕達) dated July 3, 2012, whereby Lu Yida agreed to transfer his/her 300,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB864,000 based on the price of RMB2.88 per share;

(91) the equity transfer agreement between Wuhan United Real Estate and Xiong Xiaoping (熊小平) dated July 3, 2012, whereby Xiong Xiaoping agreed to transfer his/her 800,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB2,304,000 based on the price of RMB2.88 per share;

(92) the equity transfer agreement between Wuhan United Real Estate and Li Qiang (李強) dated July 3, 2012, whereby Li Qiang agreed to transfer his/her 350,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,008,000 based on the price of RMB2.88 per share;

(93) the equity transfer agreement between Wuhan United Real Estate and Zhang Xuelian (張雪蓮) dated July 3, 2012, whereby Zhang Xuelian agreed to transfer his/her 450,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,296,000 based on the price of RMB2.88 per share;

(94) the equity transfer agreement between Wuhan United Real Estate and Zhai Hongtao (翟紅濤) dated July 3, 2012, whereby Zhai Hongtao agreed to transfer his/her 400,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,152,000 based on the price of RMB2.88 per share;

(95) the equity transfer agreement between Wuhan United Real Estate and Yuan Jun (袁俊) dated July 3, 2012, whereby Yuan Jun agreed to transfer his/her 375,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,080,000 based on the price of RMB2.88 per share;

(96) the equity transfer agreement between Wuhan United Real Estate and Cai Donglai (蔡東來) dated July 3, 2012, whereby Cai Donglai agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(97) the equity transfer agreement between Wuhan United Real Estate and Xu Chuguo (許楚國) dated July 3, 2012, whereby Xu Chuguo agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(98) the equity transfer agreement between Wuhan United Real Estate and Meng Xianwen (孟憲文) dated July 3, 2012, whereby Meng Xianwen agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(99) the equity transfer agreement between Wuhan United Real Estate and Hao Qingping (郝慶平) dated July 3, 2012, whereby Hao Qingping agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(100) the equity transfer agreement between Wuhan United Real Estate and Huang Liwei (黃礪威) dated July 3, 2012, whereby Huang Liwei agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(101) the equity transfer agreement between Wuhan United Real Estate and Liu Yang (劉陽) dated July 3, 2012, whereby Liu Yang agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(102) the equity transfer agreement between Wuhan United Real Estate and Hou Jianping (侯建平) dated July 3, 2012, whereby Hou Jianping agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(103) the equity transfer agreement between Wuhan United Real Estate and Meng Xiangang (孟憲剛) dated July 3, 2012, whereby Meng Xiangang agreed to transfer his/her 40,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB115,200 based on the price of RMB2.88 per share;

(104) the equity transfer agreement between Wuhan United Real Estate and Meng Xiangang (孟憲剛) dated July 3, 2012, whereby Meng Xiangang agreed to transfer his/her 120,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB345,600 based on the price of RMB2.88 per share;

(105) the equity transfer agreement between Wuhan United Real Estate and Pan Qi (潘琪) dated July 3, 2012, whereby Pan Qi agreed to transfer his/her 180,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB518,400 based on the price of RMB2.88 per share;

(106) the equity transfer agreement between Wuhan United Real Estate and Pan Qi (潘琪) dated July 3, 2012, whereby Pan Qi agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB86,400 based on the price of RMB2.88 per share;

(107) the equity transfer agreement between Wuhan United Real Estate and Cai Xianzhi (蔡先芝) dated July 3, 2012, whereby Cai Xianzhi agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(108) the equity transfer agreement between Wuhan United Real Estate and Cai Xianzhi (蔡先芝) dated July 3, 2012, whereby Cai Xianzhi agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(109) the equity transfer agreement between Wuhan United Real Estate and Yuan Hucheng (袁虎成) dated July 3, 2012, whereby Yuan Hucheng agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(110) the equity transfer agreement between Wuhan United Real Estate and Yuan Hucheng (袁虎成) dated July 3, 2012, whereby Yuan Hucheng agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB86,400 based on the price of RMB2.88 per share;

(111) the equity transfer agreement between Wuhan United Real Estate and Gan Xialin (甘夏林) dated July 3, 2012, whereby Gan Xialin agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(112) the equity transfer agreement between Wuhan United Real Estate and Pi Yeliang (皮業亮) dated July 3, 2012, whereby Pi Yeliang agreed to transfer his/her 40,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB115,200 based on the price of RMB2.88 per share;

(113) the equity transfer agreement between Wuhan United Real Estate and Zhou Limin (周利民) dated July 3, 2012, whereby Zhou Limin agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(114) the equity transfer agreement between Wuhan United Real Estate and Liu Peng (劉鵬) dated July 3, 2012, whereby Liu Peng agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(115) the equity transfer agreement between Wuhan United Real Estate and Liu Quanfeng (劉全鋒) dated July 3, 2012, whereby Liu Quanfeng agreed to transfer his/her 200,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB576,000 based on the price of RMB2.88 per share;

(116) the equity transfer agreement between Wuhan United Real Estate and Wang Weihai (王維海) dated July 3, 2012, whereby Wang Weihai agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(117) the equity transfer agreement between Wuhan United Real Estate and Liu Tonghua (劉同華) dated July 3, 2012, whereby Liu Tonghua agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB86,400 based on the price of RMB2.88 per share;

(118) the equity transfer agreement between Wuhan United Real Estate and Chen Yanyan (陳妍艷) dated July 3, 2012, whereby Chen Yanyan agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(119) the equity transfer agreement between Wuhan United Real Estate and Chen Yu (陳虞) dated July 3, 2012, whereby Chen Yu agreed to transfer his/her 80,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB230,400 based on the price of RMB2.88 per share;

(120) the equity transfer agreement between Wuhan United Real Estate and Lin Yunxiang (林妘翔) dated July 3, 2012, whereby Lin Yunxiang agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(121) the equity transfer agreement between Wuhan United Real Estate and Liu Weizhang (劉衛章) dated July 3, 2012, whereby Liu Weizhang agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(122) the equity transfer agreement between Wuhan United Real Estate and Xu Houbin (許厚斌) dated July 3, 2012, whereby Xu Houbin agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(123) the equity transfer agreement between Wuhan United Real Estate and Yu Liang (俞亮) dated July 3, 2012, whereby Yu Liang agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(124) the equity transfer agreement between Wuhan United Real Estate and Huang Yina (黃亦娜) dated July 3, 2012, whereby Huang Yina agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(125) the equity transfer agreement between Wuhan United Real Estate and Yao Wenxuan (姚文軒) dated July 3, 2012, whereby Yao Wenxuan agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,440,000 based on the price of RMB2.88 per share;

(126) the equity transfer agreement between Wuhan United Real Estate and Zhao Qiang (趙強) dated July 3, 2012, whereby Zhao Qiang agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(127) the equity transfer agreement between Wuhan United Real Estate and Shu Hongsheng (舒宏生) dated July 3, 2012, whereby Shu Hongsheng agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(128) the equity transfer agreement between Wuhan United Real Estate and Guo Jun (郭俊) dated July 3, 2012, whereby Guo Jun agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(129) the equity transfer agreement between Wuhan United Real Estate and Xia Bo (夏波) dated July 3, 2012, whereby Xia Bo agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(130) the equity transfer agreement between Wuhan United Real Estate and Xia Bo (夏波) dated July 3, 2012, whereby Xia Bo agreed to transfer his/her 80,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB230,400 based on the price of RMB2.88 per share;

(131) the equity transfer agreement between Wuhan United Real Estate and Tu Penghui (涂鵬輝) dated July 3, 2012, whereby Tu Penghui agreed to transfer his/her 40,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB115,200 based on the price of RMB2.88 per share;

(132) the equity transfer agreement between Wuhan United Real Estate and Cheng Ying (程影) dated July 3, 2012, whereby Cheng Ying agreed to transfer his/her 250,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB720,000 based on the price of RMB2.88 per share;

(133) the equity transfer agreement between Wuhan United Real Estate and Yu Dehan (喻德漢) dated July 3, 2012, whereby Yu Dehan agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(134) the equity transfer agreement between Wuhan United Real Estate and Yu Dehan (喻德漢) dated July 3, 2012, whereby Yu Dehan agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(135) the equity transfer agreement between Wuhan United Real Estate and Wei Xuewu (衛學武) dated July 3, 2012, whereby Wei Xuewu agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(136) the equity transfer agreement between Wuhan United Real Estate and Wei Xuewu (衛學武) dated July 3, 2012, whereby Wei Xuewu agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(137) the equity transfer agreement between Wuhan United Real Estate and Wang Liang (王亮) dated July 3, 2012, whereby Wang Liang agreed to transfer his/her 200,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB576,000 based on the price of RMB2.88 per share;

(138) the equity transfer agreement between Wuhan United Real Estate and Yang Lin (楊琳) dated July 3, 2012, whereby Yang Lin agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB172,800 based on the price of RMB2.88 per share;

(139) the equity transfer agreement between Wuhan United Real Estate and Li Qiong (李瓊) dated July 3, 2012, whereby Li Qiong agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(140) the equity transfer agreement between Wuhan United Real Estate and Wu Yaobin (吳耀斌) dated July 3, 2012, whereby Wu Yaobin agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(141) the equity transfer agreement between Wuhan United Real Estate and Jia Zihua (賈子華) dated July 3, 2012, whereby Jia Zihua agreed to transfer his/her 450,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,296,000 based on the price of RMB2.88 per share;

(142) the equity transfer agreement between Wuhan United Real Estate and Xu Liyou (徐禮有) dated July 3, 2012, whereby Xu Liyou agreed to transfer his/her 325,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB936,000 based on the price of RMB2.88 per share;

(143) the equity transfer agreement between Wuhan United Real Estate and Li Hui (李慧) dated July 3, 2012, whereby Li Hui agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB86,400 based on the price of RMB2.88 per share;

(144) the equity transfer agreement between Wuhan United Real Estate and Song Shirong (宋世榮) dated July 3, 2012, whereby Song Shirong agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB172,800 based on the price of RMB2.88 per share;

(145) the equity transfer agreement between Wuhan United Real Estate and Xu Jiping (許吉平) dated July 3, 2012, whereby Xu Jiping agreed to transfer his/her 220,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB633,600 based on the price of RMB2.88 per share;

(146) the equity transfer agreement between Wuhan United Real Estate and Chen Yan (陳燕) dated July 3, 2012, whereby Chen Yan agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB172,800 based on the price of RMB2.88 per share;

(147) the equity transfer agreement between Wuhan United Real Estate and Lu Qiong (魯瓊) dated July 3, 2012, whereby Lu Qiong agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(148) the equity transfer agreement between Wuhan United Real Estate and Huang Yinghao (黃英豪) dated July 3, 2012, whereby Huang Yinghao agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB172,800 based on the price of RMB2.88 per share;

(149) the equity transfer agreement between Wuhan United Real Estate and Zhang Xiaobin (張曉斌) dated July 3, 2012, whereby Zhang Xiaobin agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(150) the equity transfer agreement between Wuhan United Real Estate and Lin Guanghui (林光輝) dated July 3, 2012, whereby Lin Guanghui agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(151) the equity transfer agreement between Wuhan United Real Estate and He Huiling (何慧玲) dated July 3, 2012, whereby He Huiling agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB288,000 based on the price of RMB2.88 per share;

(152) the equity transfer agreement between Wuhan United Real Estate and Shi Fang (石芳) dated July 3, 2012, whereby Shi Fang agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(153) the equity transfer agreement between Wuhan United Real Estate and Zhou Silong (周四龍) dated July 3, 2012, whereby Zhou Silong agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB28,800 based on the price of RMB2.88 per share;

(154) the equity transfer agreement between Wuhan United Real Estate and Gong Damin (鞏大民) dated July 3, 2012, whereby Gong Damin agreed to transfer his/her 75,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB216,000 based on the price of RMB2.88 per share;

(155) the equity transfer agreement between Wuhan United Real Estate and Wang Min (王敏) dated July 3, 2012, whereby Wang Min agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB57,600 based on the price of RMB2.88 per share;

(156) the equity transfer agreement between Wuhan United Real Estate and Xue Bing (薛兵) dated July 3, 2012, whereby Xue Bing agreed to transfer his/her 2,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB5,760,000 based on the price of RMB2.88 per share;

(157) the equity transfer agreement between Wuhan United Real Estate and Zhu Wenjie (朱雯潔) (signed by his/her lawful attorney pursuant to a power of attorney dated June 1, 2012 attached thereto) dated July 4, 2012, whereby Zhu Wenjie agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(158) the equity transfer agreement between Wuhan United Real Estate and Xie Yanbing (謝延兵) dated July 4, 2012, whereby Xie Yanbing agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB332,000 based on the price of RMB3.32 per share;

(159) the equity transfer agreement between Wuhan United Real Estate and Zhang Muqing (張木清) dated July 4, 2012, whereby Zhang Muqing agreed to transfer his/her 500,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,440,000 based on the price of RMB2.88 per share;

(160) the equity transfer agreement between Wuhan United Real Estate and Wang Liming (王黎明) dated July 20, 2012, whereby Wang Liming agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB498,000 based on the price of RMB3.32 per share;

(161) the equity transfer agreement between Wuhan United Real Estate and Cai Donglai (蔡東來) dated August 7, 2012, whereby Cai Donglai agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(162) the equity transfer agreement between Wuhan United Real Estate and Su Xiangxue (蘇向學) dated August 7, 2012, whereby Su Xiangxue agreed to transfer his/her 260,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB863,200 based on the price of RMB3.32 per share;

(163) the equity transfer agreement between Wuhan United Real Estate and Huang Liwei (黃礪威) dated August 7, 2012, whereby Huang Liwei agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(164) the equity transfer agreement between Wuhan United Real Estate and Pan Qi (潘琪) dated August 7, 2012, whereby Pan Qi agreed to transfer his/her 60,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB199,200 based on the price of RMB3.32 per share;

(165) the equity transfer agreement between Wuhan United Real Estate and Xu Chuguo (許楚國) dated August 7, 2012, whereby Xu Chuguo agreed to transfer his/her 200,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB664,000 based on the price of RMB3.32 per share;

(166) the equity transfer agreement between Wuhan United Real Estate and Meng Xianwen (孟憲文) dated August 7, 2012, whereby Meng Xianwen agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB332,000 based on the price of RMB3.32 per share;

(167) the equity transfer agreement between Wuhan United Real Estate and Liu Yang (劉陽) dated August 7, 2012, whereby Liu Yang agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(168) the equity transfer agreement between Wuhan United Real Estate and Jin Bei (金蓓) dated August 7, 2012, whereby Jin Bei agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(169) the equity transfer agreement between Wuhan United Real Estate and Li Chunbing (李純兵) dated August 7, 2012, whereby Li Chunbing agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB332,000 based on the price of RMB3.32 per share;

(170) the equity transfer agreement between Wuhan United Real Estate and Sun Mingjing (孫明菁) dated August 7, 2012, whereby Sun Mingjing agreed to transfer his/her 40,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB132,800 based on the price of RMB3.32 per share;

(171) the equity transfer agreement between Wuhan United Real Estate and Liu Hanying (劉漢穎) dated August 7, 2012, whereby Liu Hanying agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB332,000 based on the price of RMB3.32 per share;

(172) the equity transfer agreement between Wuhan United Real Estate and Zhang Bin (張斌) dated August 7, 2012, whereby Zhang Bin agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(173) the equity transfer agreement between Wuhan United Real Estate and Pi Yeliang (皮業亮) dated August 7, 2012, whereby Pi Yeliang agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(174) the equity transfer agreement between Wuhan United Real Estate and Li Chao (李超) dated August 7, 2012, whereby Li Chao agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(175) the equity transfer agreement between Wuhan United Real Estate and Wei Liang (魏亮) dated August 7, 2012, whereby Wei Liang agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(176) the equity transfer agreement between Wuhan United Real Estate and Zhang Haibo (張海波) dated August 7, 2012, whereby Zhang Haibo agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(177) the equity transfer agreement between Wuhan United Real Estate and Zhou Limin (周利民) dated August 7, 2012, whereby Zhou Limin agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(178) the equity transfer agreement between Wuhan United Real Estate and Lin Yunxiang (林妘翔) dated August 7, 2012, whereby Lin Yunxiang agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB332,000 based on the price of RMB3.32 per share;

(179) the equity transfer agreement between Wuhan United Real Estate and Mei Xiaoyun (梅曉耘) dated August 7, 2012, whereby Mei Xiaoyun agreed to transfer his/her 10,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB33,200 based on the price of RMB3.32 per share;

(180) the equity transfer agreement between Wuhan United Real Estate and Li Hao (李顥) dated August 7, 2012, whereby Li Hao agreed to transfer his/her 120,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB398,400 based on the price of RMB3.32 per share;

(181) the equity transfer agreement between Wuhan United Real Estate and Wang Weihai (王維海) dated August 7, 2012, whereby Wang Weihai agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(182) the equity transfer agreement between Wuhan United Real Estate and Xu Houbin (許厚斌) dated August 7, 2012, whereby Xu Houbin agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(183) the equity transfer agreement between Wuhan United Real Estate and Yang Hongjuan (楊紅娟) dated August 7, 2012, whereby Yang Hongjuan agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(184) the equity transfer agreement between Wuhan United Real Estate and Gu Xu (顧旭) dated August 7, 2012, whereby Gu Xu agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(185) the equity transfer agreement between Wuhan United Real Estate and Gao Ling (高玲) dated August 7, 2012, whereby Gao Ling agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(186) the equity transfer agreement between Wuhan United Real Estate and Du Jin (杜進) dated August 7, 2012, whereby Du Jin agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(187) the equity transfer agreement between Wuhan United Real Estate and Xiong Ying (熊英) dated August 7, 2012, whereby Xiong Ying agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(188) the equity transfer agreement between Wuhan United Real Estate and Liu Xiao (劉曉) dated August 7, 2012, whereby Liu Xiao agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(189) the equity transfer agreement between Wuhan United Real Estate and Lan Sangan (蘭三千) dated August 7, 2012, whereby Lan Sangan agreed to transfer his/her 300,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB996,000 based on the price of RMB3.32 per share;

(190) the equity transfer agreement between Wuhan United Real Estate and Yang Lin (楊琳) dated August 7, 2012, whereby Yang Lin agreed to transfer his/her 140,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB464,800 based on the price of RMB3.32 per share;

(191) the equity transfer agreement between Wuhan United Real Estate and Xie Li (謝莉) dated August 7, 2012, whereby Xie Li agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(192) the equity transfer agreement between Wuhan United Real Estate and Wu Yaobin (吳耀斌) dated August 7, 2012, whereby Wu Yaobin agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(193) the equity transfer agreement between Wuhan United Real Estate and He Xinhua (賀新華) dated August 7, 2012, whereby He Xinhua agreed to transfer his/her 80,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB265,600 based on the price of RMB3.32 per share;

(194) the equity transfer agreement between Wuhan United Real Estate and Yang Lijuan (楊麗娟) dated September 13, 2012, whereby Yang Lijuan agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB166,000 based on the price of RMB3.32 per share;

(195) the equity transfer agreement between Wuhan United Real Estate and Yang Lijuan (楊麗娟) dated September 13, 2012, whereby Yang Lijuan agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(196) the equity transfer agreement between Wuhan United Real Estate and Liu Shuguang (劉樹光) dated September 13, 2012, whereby Liu Shuguang agreed to transfer his/her 150,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB432,000 based on the price of RMB2.88 per share;

(197) the equity transfer agreement between Wuhan United Real Estate and Liu Shuguang (劉樹光) dated September 13, 2012, whereby Liu Shuguang agreed to transfer his/her 100,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB332,000 based on the price of RMB3.32 per share;

(198) the equity transfer agreement between Wuhan United Real Estate and Liu Qidan (劉啟丹) dated September 13, 2012, whereby Liu Qidan agreed to transfer his/her 200,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB576,000 based on the price of RMB2.88 per share;

(199) the equity transfer agreement between Wuhan United Real Estate and Lin Baofeng (林寶峰) dated October 15, 2012, whereby Lin Baofeng agreed to transfer his/her 1,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB2,880,000 based on the price of RMB2.88 per share;

(200) the equity transfer and debt assignment agreement among Hubei Science & Technology Investment, Wuhan Optics Valley Union and Optics Valley Software Park dated April 26, 2013, whereby Hubei Science & Technology Investment agreed to transfer its 50% equity interests in Optics Valley Software Park, and assign the debt of RMB21,771,800, to Wuhan Optics Valley Union for a total consideration of RMB56,826,050;

(201) the equity transfer agreement between Wuhan United Real Estate and Huang Liping (黃立平) dated May 8, 2013, whereby Huang Liping agreed to transfer his 2.526% equity interests (the investment of RMB12,125,000) in Wuhan Optics Valley Union to Wuhan United Real Estate;

(202) the equity transfer agreement between Wuhan United Real Estate and Liu Yueying (劉月瑛) dated May 8, 2013, whereby Liu Yueying agreed to transfer his/her 0.417% equity interests (the investment of RMB2,000,000) in Wuhan Optics Valley Union to Wuhan United Real Estate;

(203) the equity transfer agreement between Wuhan United Real Estate and Chen Huifen (陳惠芬) dated May 8, 2013, whereby Chen Huifen agreed to transfer her 0.365% equity interests (the investment of RMB1,750,000) in Wuhan Optics Valley Union to Wuhan United Real Estate;

(204) the equity transfer agreement between Wuhan United Real Estate and Chen Tongju (陳同舉) dated May 8, 2013, whereby Chen Tongju agreed to transfer his/her 0.729% equity interests (the investment of RMB3,500,000) in Wuhan Optics Valley Union to Wuhan United Real Estate;

(205) the equity transfer agreement between Wuhan United Real Estate and Hu Bin (胡斌) dated May 8, 2013, whereby Hu Bin agreed to transfer his 2.344% equity interests (the investment of RMB11,250,000) in Wuhan Optics Valley Union to Wuhan United Real Estate;

(206) the equity transfer agreement between Wuhan United Real Estate and Wang Yuancheng (王元成) dated May 8, 2013, whereby Wang Yuancheng agreed to transfer his/her 0.729% equity interests (the investment of RMB3,500,000) in Wuhan Optics Valley Union to Wuhan United Real Estate;

(207) the equity transfer agreement between Wuhan Optics Valley Union and Wuhan Lido Property Management dated May 13, 2013, whereby Wuhan Lido Property Management agreed to transfer its 100% equity interests (the investment of RMB100,000,000) in Wuhan Jitian Construction to Wuhan Optics Valley Union;

(208) the equity transfer agreement between Wuhan United Real Estate and Xiong Xiaoping (熊小平) dated May 21, 2013, whereby Xiong Xiaoping agreed to transfer his/her 450,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,494,000 based on the price of RMB3.32 per share;

(209) the equity transfer agreement between Wuhan United Real Estate and Xiong Xiaoping (熊小平) dated May 21, 2013, whereby Xiong Xiaoping agreed to transfer his/her 350,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,008,000 based on the price of RMB2.88 per share;

(210) the equity transfer agreement between Wuhan United Real Estate and Xue Bing (薛兵) dated May 21, 2013, whereby Xue Bing agreed to transfer his/her 2,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB6,640,000 based on the price of RMB3.32 per share;

(211) the equity transfer agreement between Wuhan United Real Estate and Zhang Xiaobin (張曉斌) dated May 21, 2013, whereby Zhang Xiaobin agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(212) the equity transfer agreement between Wuhan United Real Estate and Chen Hu (陳虎) dated May 21, 2013, whereby Chen Hu agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(213) the equity transfer agreement between Wuhan United Real Estate and Li Qiang (李強) dated May 21, 2013, whereby Li Qiang agreed to transfer his/her 350,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB1,162,000 based on the price of RMB3.32 per share;

(214) the equity transfer agreement between Wuhan United Real Estate and Lin Guanghui (林光輝) dated May 21, 2013, whereby Lin Guanghui agreed to transfer his/her 20,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB66,400 based on the price of RMB3.32 per share;

(215) the equity transfer agreement between Wuhan United Real Estate and Wang Liang (王亮) dated May 21, 2013, whereby Wang Liang agreed to transfer his/her 50,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB144,000 based on the price of RMB2.88 per share;

(216) the equity transfer agreement between Wuhan United Real Estate and Tu Lanying (涂蘭英) dated May 21, 2013, whereby Tu Lanying agreed to transfer his/her 30,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB99,600 based on the price of RMB3.32 per share;

(217) the equity acquisition agreement between Wuhan Optics Valley Union and HK 3A dated May 22, 2013, whereby Wuhan Optics Valley Union agreed to transfer its 75% equity interests in Wuhan Jitian Construction to HK 3A for a consideration of RMB157,500,000;

(218) the equity transfer agreement between Wuhan United Real Estate and Hubei Science & Technology Investment dated July 10, 2013, whereby Hubei Science & Technology Investment agreed to transfer its 15.997% equity interests in Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB215,000,000;

(219) the equity transfer agreement between Wuhan United Real Estate and Liu Yueying (劉月瑛) dated August 12, 2013, whereby Liu Yueying agreed to transfer his/her 2,000,000 shares of Wuhan Optics Valley Union to Wuhan United Real Estate for a consideration of RMB5,760,000 based on the price of RMB2.88 per share;

(220) the equity transfer agreement between Wuhan Optics Valley Union and Wuhan Boshun Technology Co., Ltd.* (武漢博順科技有限責任公司) dated August 28, 2013, whereby Wuhan Boshun Technology Co., Ltd. agreed to transfer its 5% equity interests in OV Energy Conservation Technology to Wuhan Optics Valley Union for a consideration of RMB2,720,000;

(221) the trademark license agreement between Wuhan Qianbao Media and Wuhan Qianbao Property dated April 30, 2013, whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media for a consideration of RMB1,000 to use the "Qianbao" trademark registered in the name of Wuhan Qianbao Property during the period from May 1, 2013 to December 31, 2015;

(222) the trademark transfer agreement dated August 30, 2013 between Wuhan Qianbao Property and Wuhan Optics Valley Union, whereby Wuhan Qianbao Property agreed to transfer the right to exclusive use and copyright of the "Qianbao" trademark to Wuhan Optics Valley Union for a total consideration of RMB10,000;

(223) the sale and purchase agreement dated September 13, 2013 entered into among the Company, BVI 3A and Technology Investment HK in relation to the sale of 190,476 shares of HK 3A by Technology Investment HK to BVI 3A at a consideration of RMB215,000,000 and to be satisfied by the issue of 15,997 Shares by the Company;

(224) the trust deed dated September 13, 2013 executed by the Company and Hengxin PTC in respect of the establishment of a trust for the administration of a trust plan of the Company, details of which are set out in the paragraph headed "D. The Hengxin PTC Trust" in this Appendix;

(225) the Framework Facilities Agreement dated March 3, 2014 entered into among our Company, Hubei Science & Technology Investment, Energy Conservation Technology Park and Wuhan Financial Harbour Development in respect of provision of loan facilities by our Company and Hubei Science & Technology Investment to Energy Conservation Technology Park and Wuhan Financial Harbour Development through entrusted loan arrangements with third party banks, details of which are set out in the subsection headed "Connected Transactions – Continuing Connected Transactions Exempt from Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements – 3. Loan facilities provided by us to certain non-wholly owned subsidiaries" in this prospectus;

(226) the equity transfer agreement between Wuhan Optics Valley Union and Shanghai Jingzhao Aoxi Investment Center (上海京兆奧喜投資中心) ("Shanghai Jingzhao Aoxi") dated March 5, 2014, whereby Shanghai Jingzhao Aoxi agreed to transfer 12% equity interest (an investment amount of RMB12,000,000) in Hefei OVU Development to Wuhan Optics Valley Union at a consideration of RMB12,000,000;

(227) the deed of non-competition undertakings dated March 14, 2014 entered into by the Controlling Shareholders in favor of our Company, details of which are set out in the subsection headed "Relationship with Controlling Shareholders – Non-competition Undertaking" in this prospectus;

(228) the deed of indemnity dated March 14, 2014 given by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries) in respect of certain tax and litigation indemnities, details of which are set out in the paragraph "E. Other Information – Tax and other Indemnity" in this Appendix;

(229) the cornerstone investment agreement dated March 14, 2014 entered into among the Company, Sunshine Life Insurance Co., Ltd. and China Merchants Securities (HK) Co., Limited as described in the section headed "Our Cornerstone Investor" in this prospectus; and

(230) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

(a) Trademarks for which registration has been granted

(i) As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registration No.	Registered Owner	Class	Valid Period
1.	光谷联合	No. 6881533	Wuhan Optics Valley Union	6	March 7, 2011 to March 6, 2021
2.	光谷联合	No. 6881532	Wuhan Optics Valley Union	19	September 7, 2011 to September 6, 2021
3.	光谷联合	No. 6881530	Wuhan Optics Valley Union	36	April 28, 2012 to April 27, 2022
4.	光谷联合	No. 6881529	Wuhan Optics Valley Union	37	January 28, 2011 to January 27, 2021
5.	OVU	No.6881279	Wuhan Optics Valley Union	36	June 7, 2010 to June 6, 2020
6.	丽岛 Lido	No.1475475	Wuhan United Real Estate	37	November 14, 2000 to November 13, 2020
7.	OVU	No.6881278	Wuhan Optics Valley Union	37	June 7, 2010 to June 6, 2020

No.	Trademark	Registration No.	Registered Owner	Class	Valid Period
8.	创意天地	No.6881520	Wuhan Optics Valley Union	37	June 7, 2010 to June 6, 2020
9.	2046	No.6881517	Wuhan Optics Valley Union	36	June 7, 2010 to June 6, 2020
10.	紫缘	No.3575324	Wuhan United Real Estate	43	June 28, 2005 to June 27, 2015

(ii) As of the Latest Practicable Date, we had the right to use the following trademark in the PRC pursuant to the Trademark Licence Agreement:

No.	Trademark	Registration No.	Registered Owner	Class	Valid Period
1.	千宝	No.1197937	Wuhan Qianbao Property*	35	August 7, 2008 to August 6, 2018

* Pursuant to the Trademark Licence Agreement entered into between Wuhan Qianbao Property and Wuhan Qianbao Media on April 30, 2013, Wuhan Qianbao Media has the right to use the trademark with registered number No.1197937 (the "Registered Trademark") at a consideration of RMB1,000 from May 1, 2013 to December 31, 2015. As at the Latest Practicable Date, application has been made to transfer the Registered Trademark from Wuhan Qianbao Property to our Group pursuant to a trademark transfer agreement dated August 30, 2013 between Wuhan Qianbao Property and Wuhan Optics Valley Union. It is expected that such transfer will be completed after Listing. Please refer to the section headed "Connected Transactions" in this prospectus for further details.

(iii) As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registration No.	Registered owner	Class	Valid Period
1.	光谷联合	No.302579644	Wuhan Optics Valley Union	6, 19, 35, 36, 37, 41, 42, 43, 45	April 16, 2013 to April 15, 2023
2.	OVU	No.302579626	Wuhan Optics Valley Union	6, 19, 35, 36, 37, 41, 42, 43, 45	April 16, 2013 to April 15, 2023

(b) Trademarks under application

(i) As of the Latest Practicable Date, we have also applied for the registration of the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Application No.	Applicant	Class	Application Date
1.	研创中心	No.11549021	Wuhan Optics Valley Union	36	September 26, 2012
2.	光谷联合软件园	No.11560681	Wuhan Optics Valley Union	36	September 28, 2012
3.	光谷联合科技城	No.11549049	Wuhan Optics Valley Union	36	September 26, 2012
4.	光谷金融港	No.11860654	Wuhan Optics Valley Union	36	December 7, 2012
5.	光谷金融港	No.11860727	Wuhan Optics Valley Union	37	December 7, 2012

No.	Trademark	Application No.	Applicant	Class	Application Date
6.	光谷软件园	No.11860705	Wuhan Optics Valley Union	36	December 7, 2012
7.	光谷软件园	No.11860760	Wuhan Optics Valley Union	37	December 7, 2012
8.	INNOCENTER	No.11860858	Wuhan Optics Valley Union	36	December 7, 2012
9.	INNOCENTER	No.11860912	Wuhan Optics Valley Union	37	December 7, 2012
10.	丽缘	No.12443179	Wuhan United Real Estate	43	April 17, 2013

(c) classification of goods for trademark

The table below sets out the classification of goods or services for trademarks (the detailed classification in relation to the relevant trademarks depends on what is set out in the relevant trademark certificate and may differ from the list below):

Class number	Goods or services
6	Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores.
19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal.
35	Advertising; business management; business administration; office functions.
36	Insurance; financial affairs; monetary affairs; real estate affairs.
37	Building construction; repair; installation services.
41	Education; providing of training; entertainment; sporting and cultural activities.

Class number	Goods or services
42	Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.
43	Services for providing food and drink; temporary accommodation.
45	Legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals.

Domain Names

As of the Latest Practicable Date, we have registered the following domain names:

Domain Name	Registrant	Expiry Date
www.ovuni.com	Wuhan Optics Valley Union	June 18, 2016
www.ovuni.com.cn	Wuhan Optics Valley Union	July 10, 2016

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest – interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalization Issue, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the interest or short position of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, once the Shares are listed, are as follows:

Interests in our Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Huang Liping(1)	Interest in controlled corporation	2,228,070,000	55.702%
Mr. Hu Bin	Beneficiary of a trust	70,320,000	1.758%
Ms. Chen Huifen	Beneficiary of a trust	10,950,000	0.274%

Note:

(1) Mr. Huang Liping holds 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in the 1,787,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI. Mr. Huang Liping is also the sole shareholder of Hengxin PTC. Under the SFO, Mr. Huang Liping is also deemed to be interested in the 320,370,000 Shares held by Hengxin PTC.

(b) Particulars of service contracts

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from March 11, 2014, which may be terminated by not less than one month's notice in writing served by either party on the other.

Each of our non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from March 11, 2014, and each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date.

(c) Directors' remuneration

An aggregate of approximately RMB5.55 million was paid to our Directors as remuneration for the year ended December 31, 2013 (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses).

Our independent non-executive Directors have been appointed for a term of three years. Our Company intends to pay a director's fee of HK$300,000 or RMB200,000 per annum to each of the independent non-executive Directors.

Under the arrangement currently in force, the aggregate amount of remuneration payable by our Group to our Directors for the year ending December 31, 2014 will be approximately RMB6.03 million.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

Further details of the terms of the above service contracts are set forth in the paragraph headed "Particulars of service contracts" in the subsection headed "Directors" in this Appendix.

2. Substantial Shareholders

(a) So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the following persons (other than our Directors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[1]	
		Number	*Percentage*
AAA Finance[2]	Beneficial owner	1,787,700,000	44.693%
Technology Investment HK[3]	Beneficial owner	479,910,000	11.998%
Hubei Science & Technology Investment[3]	Interest in controlled corporation	479,910,000	11.998%
Hengxin PTC[2]	Trustee	320,370,000	8.009%
Qianbao BVI[4]	Beneficial owner	292,020,000	7.301%
Mr. Tse Shing Ming[4]	Interest in controlled corporation	292,020,000	7.301%
Sunshine Life Insurance Co., Ltd.[5]	Beneficial owner	280,000,000	7%
Sumshin Insurance Group Cooperation Limited[5]	Interest in controlled cooperation	280,000,000	7%

Notes:

(1) All the above Shares are held in long position (as defined under Part XV of the SFO).

(2) Mr. Huang Liping holds 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in the 1,787,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI. Mr. Huang Liping is also the sole shareholder of Hengxin PTC. Under the SFO, Mr. Huang Liping is also deemed to be interested in the 320,370,000 Shares held by Hengxin PTC.

(3) Hubei Science & Technology Investment holds 100% equity interests in Technology Investment HK. Under the SFO, Hubei Science & Technology Investment is deemed to be interested in all the Shares held by Technology Investment HK.

(4) Mr. Tse Shing Ming holds 100% equity interests in Qianbao BVI. Under the SFO, Mr. Tse is deemed to be interested in all the Shares held by Qianbao BVI.

(5) Sunshine Life Insurance Co., Ltd. ("Sunshine Life") has agreed to subscribe for 280,000,000 Shares under the Global Offering as a cornerstone investor. Sunshine Life is a subsidiary of Sunshine Insurance Group Corporation Limited ("Sunshine Group") and therefore Sunshine Group is deemed to be interested in the 280,00,000 Shares held by Sunshine Life under the SFO.

(b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital:

Name of Shareholder	Name of member of our Group	Approximate percentage of shareholding
Hubei Science & Technology Investment Group Co., Ltd. (湖北省科技投資集團有限公司)	Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd. (武漢光谷節能科技園有限公司)	30%
	Wuhan Financial Harbour Development Co., Ltd. (武漢金融港開發有限公司)	30%
Wuhan High-tech Thermal Power Co., Ltd. (武漢高新熱電股份有限公司)	Wuhan Optics Valley Energy Conservation Technology Co., Ltd. (武漢光谷節能技術有限公司)	20%
Tianjin Meitong Development Co., Ltd. (天津美通發展有限公司)	Wuhan Mason Property Co., Ltd. (武漢美生置業有限公司)	50%
Wuhan East Lake High Technology	Wuhan Xuefu Property Co., Ltd. (武漢學府房地產有限公司)	49%
Hubei High-tech Industrial Investment Co., Ltd. (湖北省高新技術產業投資有限公司)	Hubei Technology Enterprise Accelerator Co., Ltd. (湖北科技企業加速器有限公司)	13%
Wuhan Yingruizhi Management Consulting Co., Ltd. (武漢盈瑞智管理顧問有限公司)	Wuhan Yinxun Human Resources Service Co., Ltd. (武漢銀訓人力資源服務有限公司)	49%

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

4. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors or experts referred to under the heading "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Hong Kong Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. THE HENGXIN PTC TRUST

The principal terms of the trust plan adopted by us on September 13, 2013 (as amended by the administration committee pursuant to the terms of the trust plan on March 11, 2014) under a trust we established on September 13, 2013 for the benefit of certain Shareholders (the "Hengxin PTC Trust Plan") are set out below:

(a) The Hengxin PTC Trust Plan has a term of 10 years from the date of adoption.

(b) The targets of the Hengxin PTC Trust Plan are 104 individuals ("104 Individual Shareholders", each an "Individual Shareholder") who were the original equity holders of Wuhan Optics Valley Union at the time of adoption of the Hengxin PTC Trust Plan.

(c) The trust was established by the Company pursuant to a trust deed with Hengxin PTC as trustee. Hengxin PTC holds the Shares on behalf of and for the benefit of 104 Individual Shareholders as beneficiaries.

(d) The 104 Individual Shareholders' interests in the Shares are the same as their respective interests in Wuhan Optics Valley Union.

(e) The interests in the Shares may be disposed of any time after the twelve-month lock-up period after the Listing.

(f) All the disposals must comply with the requirements under the Hong Kong Listing Rules and the Securities and Futures Ordinance, including but not limited to the requirements on insider dealing.

(g) In the event of incapacitation or death of an Individual Shareholder:

  i. the interest in the Shares held remains unchanged or inherited by his/her estate or legal personal representative;

  ii. upon agreement between the Company and the Individual Shareholder or his/her legal personal representative, the relevant interest in the Shares shall be disposed of by Hengxin PTC according to the relevant instruction; or

  iii. the Board may determine on the ways to handle such interest in the share at its discretion in accordance with the Hong Kong Listing Rules and applicable laws and regulatory requirements.

(h) Hengxin PTC and 104 Individual Shareholders shall not exercise the voting rights in respect of their respective holding and interests in the Shares at all general meetings of the Company, but shall enjoy all dividends and distributions payable by our Company (deducting any related taxes and expenses) in proportion to their respective interest in the Shares.

(i) A scheme management committee (the "Scheme Management Committee") comprising of 5 members (including 2 senior management, 1 financial personnel, 1 legal personnel and 1 employee representative from the Group) will be set up to handle administrative matters of the Hengxin PTC Trust.

(j) The Hengxin PTC Trust Plan shall be subject to termination at the earliest of the followings:

i. the tenth anniversary of the date of adoption;

ii. the date of early termination as determined by the Board, without prejudice to the existing rights of the Individual Shareholders as specified in the Hengxin PTC Trust Plan.

(k) After termination of the Hengxin PTC Trust Plan:

i. the Shares remain under the trust will be sold by the trustee within 30 working days upon its receipt of a termination notice (during which period the trading of the shares is ongoing) (or a longer period as decided by the Scheme Management Committee);

ii. the net proceeds from the sale as described in (i) above and the accrued dividend remained under the trust as required by the trust deed (after deduction of all disposal cost, liabilities and fees as required by the trust deed) will be remitted to the Company after such sale. For the avoidance of suspicion, the trustee may not transfer any share to the Company and the Company may not hold this type of shares (except for the interest income from the sale proceeds of this type of shares according to the requirements in (i) above).

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Tax and other indemnity

The Controlling Shareholders have entered into a deed of indemnity in favour of our Company (being a material contract referred to in the paragraph "B. Further Information About Our Business – 1. Summary of material contracts" in this Appendix) to provide the indemnities on a joint and several basis in respect of, among other matters, taxation resulting from profits or gains earned, accrued or received, as well as any penalties imposed due to non-compliance of any member of our Group with applicable laws and regulations on or before the date when the Global Offering becomes unconditional.

3. Litigation

As of the Latest Practicable Date, save as disclosed in "Business – Legal Proceedings" in this prospectus, so far as our Directors are aware, no litigation or claim of material importance (to the Group's financial condition or results of operation) is pending or threatened by or against any member of our Group.

4. Sponsor

The Sponsor has made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for a listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization Issue and the Shares to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

5. Preliminary Expenses

Our preliminary expenses are estimated to be approximately US$5,000 and are payable by our Company.

6. Promoter

We do not have any promoter. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interest in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

8. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
BNP Paribas Securities (Asia) Limited	Registered institution under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in future contract), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of regulated activities under the SFO
KPMG	Certified Public Accountants
Appleby	Cayman Islands legal advisor to our Company
Jingtian & Gongcheng	PRC legal advisor to our Company
Savills Valuation and Professional Services Limited	Property valuer and industry consultant
Savills Real Estate Valuation (Beijing) Company Limited	Industry advisor
George T.Y. Hui (許大任)	Barrister-at-law in Hong Kong

9. Consents of Experts

Each of BNP Paribas Securities (Asia) Limited, KPMG, Appleby, Jingtian & Gongcheng, Savills Valuation and Professional Services Limited, Savills Real Estate Valuation (Beijing) Company Limited and George T.Y. Hui has given and has not withdrawn its/his consent to the issue of this prospectus with the inclusion of its/his report and/or letter and/or summary of values and/or valuation certificates and/or legal opinion (as the case may be) and references to its/his name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(c) save as disclosed in this prospectus, none of the persons named in the sub-paragraph headed "Consents of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since September 30, 2013 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(f) the register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Service Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share registrar in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(g) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(h) save as disclosed in this prospectus, none of the Company or any of its subsidiaries has any outstanding convertible debt securities or debentures.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the subsection headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts" in Appendix VII to this prospectus; and

(c) the written consents referred to in the subsection headed "Statutory and General Information – E. Other Information – 9. Consents of Experts" in Appendix VII to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Paul Hastings on 22nd Floor, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the audited consolidated financial statements of our Group for each of the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013;

(c) the Accountants' Report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

(d) the report issued by KPMG relating to our unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(e) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Savills Valuation, the texts of which are set out in Appendix IV to this prospectus;

(f) the legal opinions issued by Jingtian & Gongcheng, our PRC legal advisors, in respect of certain aspects of our Group and the property interests of our Group;

(g) the letter of advice prepared by Appleby, our legal advisors as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands company law referred to in Appendix VI to this prospectus;

(h) the legal opinion issued by the Barrister as to Hong Kong law relating to the acquisition of 45.0% equity interests in Wuhan United Real Estate from Chase Pearl Investments Limited (開寶投資有限公司) by HK 3A;

(i) the material contracts referred to in the subsection headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts" in Appendix VII to this prospectus;

(j) the written consents referred to in the subsection headed "Statutory and General Information – E. Other Information – 9. Consents of Experts" in Appendix VII to this prospectus;

(k) the service contracts entered into between the Company and each of the executive Directors and the letters of appointment entered into between the Company and each of the non-executive Directors and independent non-executive Directors referred to in the subsection headed "Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 1. Directors – (b) Particulars of service contracts" in Appendix VII to this prospectus; and

(l) the Cayman Islands Companies Law.

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光谷聯合控股有限公司

OPTICS VALLEY UNION HOLDING COMPANY LIMITED