Web Proof Information Pack of

# Logan Property Holdings Company Limited
# 龍光地產控股有限公司

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

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This Web Proof Information Pack contains the following information relating to the Company extracted from the draft document:



**YOU SHOULD READ THE SECTION HEADED "WARNING" ON THE COVER OF THIS WEB PROOF INFORMATION PACK.**

## BUSINESS OVERVIEW

We are a property developer in the PRC focusing on the residential property market, and our products are primarily targeted at first-time homebuyers and upgraders. In 2012, we were ranked as the 46th-largest property developer in the PRC by sales.[1] We have developed residential property projects in 11 cities in economically prosperous and emerging regions of the PRC, such as Guangdong and Guangxi Provinces, the Chengdu-Chongqing economic region and Hainan Province.

Our land bank comprises land we have acquired at competitive prices, and we strive to build our land bank by establishing and expanding our presence in economic regions which we believe hold high growth potential. As of October 31, 2013, we had 70 projects at various stages of development in 11 cities and a land bank with an aggregate GFA of 11.2 million sq.m., primarily comprising residential property projects with ancillary retail shops, as well as an office property project where our headquarters is located. For details of our property projects, please see the section entitled "Business—Our Property Projects" beginning on page 153 of this document. We believe our current land bank will be sufficient to meet our development needs for the next five to six years, based on our current projections and our historical sales and land development records.

We have established a replicable property development process, which is supported by our in-house departments and subsidiaries specializing in design and planning, construction, decoration, procurement, sales, customer services and each other major step in the property development process. We leverage our ability to build projects through our own construction subsidiary, centralized and strategic procurement, quick development operation model and cost control over the whole property development process to optimize our costs, shorten development cycles, improve cash flow and maintain profitability. In 2010, 2011 and 2012 and the six months ended June 30, 2013, we achieved net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) of 14.5%, 17.7%, 17.9% and 12.3%, respectively.

As of October 31, 2013, our Group and, prior to the commencement of the Reorganization, our predecessors had completed a total of 54 projects with a total GFA of over 7,160,000 sq.m. Over the past 17 years, we have established ourselves as one of the leading developers focusing on residential properties in Guangdong and Guangxi Provinces. Leveraging our success and valuable experience in Guangdong Province, in 2006 we expanded into Guangxi Province through the launch of Provence (普羅旺斯) in Nanning, which is expected to have a total GFA of 1,867,094 sq.m. upon completion. For details, please see the section entitled "Business—Our Property Projects—Description of Our Projects—Provence" beginning on page 183 of this document. In 2011, we were recognized as the second-largest property developer in Nanning by turnover, according to China Real Estate Information Corporation. In the same year Logan Real Estate, one of our predecessors, was recognized as one of the "Top 10 Real Estate Brands in Southern China," according to the China Real Estate Top 10 Research Group. As of the Latest Practicable Date, we were also developing properties in Sichuan and Hainan Provinces, comprising our Chengdu Sky Palace and Seaside Dragon Bay developments. We believe that our track record, together with the strength of our "Logan" (龍光) brand and the leadership and vision of our management team, positions us well to expand into other cities in the PRC.

We have developed a diversified product portfolio which includes high-rise residential apartments and low-rise garden apartments, among others, catering to the residential property markets. We have developed two distinctive product styles, namely neoclassical and art deco, each of which comprises standardized designs for facades, interior designs and landscaping, as well as standardized parts and materials. Apart from Logan Century Center, which is our only commercial property and

*Note:*

(1) The ranking is based on China Index Academy's evaluation of the largest property developers in the PRC by sales in 2012.

where our corporate headquarters is located, and other retail units ancillary to our residential properties, we have no intention to develop, sell or operate any properties other than residential properties.

### *Our Property Development Process*

We use a decentralized operations management structure between our headquarters and regional offices, where our headquarters is responsible for planning and strategic decisions and our regional offices are responsible for the day-to-day operations of projects within their respective regions. Our headquarters and regional offices work together to implement our replicable property development process, covering project selection and land acquisition, planning and design, pre-construction, construction, marketing and delivery and after-sales services. We act as general contractor for most of our projects through our subsidiary, Logan Construction, which was appointed as general contractor for a majority of our projects as of the Latest Practicable Date, and outsource the property management of our completed properties. Throughout the property development process, we place particular emphasis on cost management and achieving a quick development operation model, where we efficiently complete the development of our property projects through the use of standardized product designs and centralized and strategic procurement, to ensure product and service quality and maintain and improve our future development and profitability.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not experienced any cancellation of sales contracts or any return of delivered properties, and (ii) we encountered 40 incidents of default by purchasers for whom we had guaranteed mortgage loans, which involved an aggregated default payment of RMB1.4 million. For more information, please see the section entitled "Business—Our Property Development Process" beginning on page 223 of this document. In addition, we did not acquire any land requiring us to resettle the original occupants during the Track Record Period and up to the Latest Practicable Date.

## SELECTED OPERATING INFORMATION

### *Our Land Bank*

As of October 31, 2013, our land bank consisted of 70 strategically located property projects in 11 cities in the PRC. The table below sets forth a breakdown of our total land bank for our property projects by city as of October 31, 2013:

| | Completed and unsold GFA[(1)] | Under development | Held for future development | Contracted to be acquired | Total |
|---|---|---|---|---|---|
| | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* |
| **Total land bank by city:** | | | | | |
| —Guangzhou | 194,537 | — | — | — | 194,537 |
| —Shantou | 53,339 | 1,127,242 | 221,336 | — | 1,401,917 |
| —Shenzhen | 192,373 | — | — | — | 192,373 |
| —Huizhou | 106,619 | 1,891,873 | 3,390,685 | — | 5,389,177 |
| —Foshan | 43,633 | 602,148 | 358,798 | — | 1,004,579 |
| —Zhongshan | 20,008 | 377,860 | — | 174,212 | 572,080 |
| —Zhuhai | 24,240 | — | — | — | 24,240 |
| —Dongguan | — | 208,779 | 69,201 | — | 277,980 |
| —Nanning | 180,426 | 1,104,688 | 182,054 | — | 1,467,168 |
| —Lingshui | — | — | 426,142 | — | 426,142 |
| —Chengdu | — | 235,834 | — | — | 235,834 |
| **Total land bank** | 815,175 | 5,548,424 | 4,648,217 | 174,212 | 11,186,028 |

*Note:*

(1) Figures in the table equal total GFA less (i) total saleable GFA sold and (ii) GFA attributable to car parks sold.

The table below sets forth a breakdown of our total saleable/leasable GFA (net of saleable GFA sold) of our 70 property projects by planned use as of October 31, 2013:

| | Completed | Under development | Held for future development | Contracted to be acquired | Total |
|---|---|---|---|---|---|
| | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* |
| **Properties for sales** | | | | | |
| Residential | 84,143 | 3,934,599 | 3,536,542 | 123,445 | 7,678,729 |
| Retail | 26,326 | 250,199 | 112,337 | 22,094 | 410,956 |
| Office | 1,492 | — | — | — | 1,492 |
| **Sub-total** | 111,962 | 4,184,799 | 3,648,879 | 145,539 | 8,091,179 |
| **Properties held for investment** | | | | | |
| Retail | 28,020 | 23,607 | — | — | 51,627 |
| Office | 42,090 | — | — | — | 42,090 |
| Others | 2,714 | 19,950 | — | — | 22,664 |
| **Sub-total** | 72,824 | 43,557 | — | — | 116,381 |
| **Total saleable/leasable GFA (net of saleable GFA sold)** | 184,786 | 4,228,356 | 3,648,879 | 145,539 | 8,207,560 |

*Note:*

(1) Figures in the table do not take GFA attributable to car parks into consideration.

The table below sets forth the status of our property development projects as of the Latest Practicable Date:

| Project status | Number of projects | Actual / expected completion and delivery date | Actual / expected pre-sale date |
|---|---|---|---|
| Completed | 32 | Oct - 2005 to Sep - 2013 | Dec - 2004 to Jul - 2012 |
| Under development | 28 | Dec - 2013 to Sep - 2016 | Dec - 2010 to Nov - 2013 |
| Held for future development | 10[(1)] | N/A | N/A |
| Contracted to be acquired | 0 | N/A | N/A |

*Note:*

(1) The Zhongshan Parcel was classified as a project contracted to be acquired as of October 31, 2013, and we have subsequently paid the land premium in full and obtained the land use rights certificate for the Zhongshan Parcel. As a result, Zhongshan Parcel was re-classified as a project held for future development as of the Latest Practicable Date.

In addition, in October 2013, we won the bid through participation in the government land grant process with respect to a land parcel with a total site area of 71,451 sq.m. located in the Gaoxin District of Nanning, Guangxi Province. For detailed information about our property development projects, see the section entitled "Business—Our Property Projects" beginning on page 153 of this document.

### *Contracted Sales*

The table below sets forth a breakdown of our total contracted sales and contracted ASP for the periods indicated:

| | For the year ended December 31, | | | For the six months ended |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | June 30, 2013 |
| **Contracted sales attributable to:** | | | | |
| Saleable GFA (RMB million) | 2,993.8 | 4,413.9 | 9,519.9 | 5,718.7 |
| Car parks (RMB million) | 38.1 | 52.7 | 217.3 | 68.9 |
| **Total (RMB million)** | 3,031.9 | 4,466.6 | 9,737.2 | 5,787.6 |
| Contracted saleable GFA (sq.m.) | 432,204 | 591,842 | 1,150,798 | 758,703 |
| Contracted ASP of saleable GFA (RMB/sq.m.) | 6,927 | 7,458 | 8,272 | 7,537 |

Our contracted ASP of saleable GFA increased by 7.7% from RMB6,927 per sq.m. in 2010 to RMB7,458 per sq.m. in 2011, and further increased by 10.9% to RMB8,272 per sq.m. in 2012, despite the downward pricing pressures in the PRC property market in the second half of 2011 and early 2012. For the six months ended June 30, 2013, our contracted ASP of saleable GFA amounted to RMB7,537 per sq.m., primarily due to contracted saleable GFA attributable to Logan City constituting a sizable proportion of our total contracted saleable GFA during the same period, and units of Logan City contracted for sales during such period had lower ASP.

## OUR RESULTS OF OPERATIONS

### *Summary Consolidated Income Statements[(1)(2)]*

We have experienced significant growth in recent years. The table below sets forth our summary consolidated income statements for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Turnover** | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |
| **Direct costs** | (2,070,466) | (2,062,001) | (4,027,359) | (941,799) | (2,307,004) |
| **Gross profit** | 781,193 | 1,385,473 | 2,560,301 | 624,619 | 1,025,201 |
| **Profit from operations** | 1,306,177 | 1,921,239 | 2,945,505 | 853,614 | 761,697 |
| Finance costs | (5,047) | (96,284) | (170,218) | (86,251) | (63,501) |
| **Profit before taxation** | 1,301,130 | 1,824,955 | 2,775,287 | 767,363 | 698,196 |
| Income tax | (361,509) | (561,801) | (958,318) | (251,938) | (255,937) |
| **Profit for the year/period** | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Attributable to:** | | | | | |
| —Equity shareholders of the Company | 926,251 | 1,247,583 | 1,794,068 | 512,185 | 435,386 |
| —Non-controlling interests | 13,370 | 15,571 | 22,901 | 3,240 | 6,873 |
| **Profit for the year/period** | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes)[(3)]** | 413,141 | 611,061 | 1,178,136 | 218,331 | 408,572 |
| **Net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes)[(4)]** | 14.5% | 17.7% | 17.9% | 13.9% | 12.3% |

*Notes:*

(1) We extracted the summary consolidated income statements from the Accountants' Report included as Appendix I to this document. You should read the entire Accountants' Report, including the notes to the financial information included in Appendix I, before making your investment decision about our Company.

(2) The Accountants' Report included in Appendix I to this document does not include financial information relating to two project companies holding two property development projects, namely Lake City and Foshan Royal Castle, which formed part of the business of and contributed revenues to our predecessors' group, as the two project companies do not form part of our Group. For further information, please see the sections entitled "Relationship with Our Controlling Shareholders" and "Financial Information—Key Factors Affecting Our Results of Operations—Project Companies Not Included in Our Financial Information" beginning on page 254 and page 283, respectively, of this document.

(3) The calculation of profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes) is based on profit for the year/period less net increase in fair value of investment properties plus deferred tax recognized on the revaluation of investment properties for that year/period.

(4) The calculation of net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes) is based on profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes) divided by turnover for such year/period and multiplied by 100%.

Our turnover grew at a CAGR of 52.0% from 2010 to 2012, driven primarily by increases in total saleable GFA delivered and ASP per sq.m. sold. Our turnover grew by 112.7% from the six months ended June 30, 2012 to the six months ended June 30, 2013, primarily due to an increase in total saleable GFA delivered. Our turnover represents revenue received from the sales of properties, rental income and construction income, attributable to our property development, property leasing and construction contracts business segments, respectively, net of business tax and other sales-related taxes and discounts. The table below sets forth our turnover by business segment for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Turnover** | | | | | |
| Sales of properties | | | | | |
| —Residential | 2,177,054 | 2,840,517 | 5,034,435 | 1,224,728 | 2,604,755 |
| —Retail | 294,066 | 281,085 | 1,072,734 | 231,658 | 231,588 |
| —Others | 44,280 | 51,075 | 189,569 | 12,577 | 131,137 |
| | 2,515,400 | 3,172,677 | 6,296,738 | 1,468,963 | 2,967,480 |
| Rental income | 1,442 | 25,692 | 55,384 | 28,953 | 28,619 |
| Construction income | 334,817 | 249,105 | 235,538 | 68,502 | 336,106 |
| Total | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |

Sales of properties represent income generated from the sales of residential properties and retail shops. We do not recognize any revenue from the pre-sales of our properties until such properties are delivered, even though the purchase price for a property is usually paid in stages prior to the delivery of the property.

The table below sets forth a breakdown of our total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

| | For the year ended December 31, | | | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2012 | | 2012 | | 2013 | |
| | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) |
| | *sq.m.* | *RMB* | *sq.m.* | *RMB* | *sq.m.* | *RMB* | *sq.m.* | *RMB* | *sq.m.* | *RMB* |
| Residential | 438,627 | 4,963 | 502,460 | 5,653 | 813,622 | 6,188 | 242,177 | 5,057 | 402,547 | 6,471 |
| Retail | 17,385 | 16,914 | 8,227 | 34,166 | 25,297 | 42,405 | 9,152 | 25,315 | 10,191 | 22,725 |
| Total | 456,012 | | 510,687 | | 838,919 | | 251,329 | | 412,738 | |

*Note:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Rental income represents recurring income generated from our investment properties, which has been historically generated from operating leases relating to the office units and retail shops developed and held by us as part of our property development projects. Construction income represents income from the construction of residential and non-residential projects, such as office buildings and public facilities, the majority of which is related to non-residential projects undertaken for various of our predecessors' businesses. For further information on our historical operating results, please refer to the section entitled "Financial Information" beginning on page 272 of this document.

Our gross profit grew at a CAGR of 81.0% from 2010 to 2012, driven primarily by growth in our turnover, as well as an increasing proportion of our sales of properties arising from properties with higher gross profit margins. Our gross profit grew by 64.1% from the six months ended June 30, 2012 to the six months ended June 30, 2013. Our gross profit margin amounted to 27.4% in 2010, 40.2% in 2011, 38.9% in 2012, 39.9% for the six months ended June 30, 2012 and 30.8% for the six months ended June 30, 2013. We were able to achieve such gross profit margins during the Track Record

Period primarily because (i) we followed a careful project selection and land acquisition process to acquire competitively priced land and (ii) we acted as general contractor for a majority of our projects, which helped lower our construction costs. Our average land cost per sq.m. of GFA sold (excluding car parks) in 2010, 2011 and 2012 and the six months ended June 30, 2013 accounted for 19.8%, 16.5%, 13.7% and 16.3%, respectively, of our ASP per sq.m. for the corresponding period. Our construction costs per sq.m. of GFA sold in 2010, 2011 and 2012 and the six months ended June 30, 2013 accounted for 46.7%, 38.3%, 41.8% and 45.7%, respectively, of our ASP per sq.m. for the corresponding period. The table below sets forth our gross profit margins and the extent to which land premiums and development costs affect our gross profit margins for the periods indicated:

| | For the year ended December 31, | | | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2012 | | 2012 | | 2013 | |
| | *RMB'000* | *As percentage of total direct costs* | *RMB'000* | *As percentage of total direct costs* | *RMB'000* | *As percentage of total direct costs* | *RMB'000* | *As percentage of total direct costs* | *RMB'000* | *As percentage of total direct costs* |
| | | | | | | | *(Unaudited)* | | | |
| Land premium | (493,481) | 23.8% | (517,619) | 25.1% | (856,365) | 21.3% | 189,084 | 11.3% | (474,043) | 20.5% |
| Development costs | (1,177,708) | 56.9% | (1,220,886) | 59.2% | (2,664,472) | 66.2% | 645,629 | 68.6% | (1,371,463) | 59.5% |
| Other direct costs | (399,277) | 19.3% | (323,496) | 15.7% | (506,522) | 12.6% | 107,086 | 20.1% | (461,498) | 20.0% |
| Total direct costs | (2,070,466) | | (2,062,001) | | (4,027,359) | | (941,799) | | (2,307,004) | |
| Gross Profit | 781,193 | | 1,385,473 | | 2,560,301 | | 624,619 | | 1,025,201 | |
| Turnover | 2,851,659 | | 3,447,474 | | 6,587,660 | | 1,566,418 | | 3,332,205 | |
| Gross profit margin | 27.4% | | 40.2% | | 38.9% | | 39.9% | | 30.8% | |

Our net profit increased at a CAGR of 39.1% from 2010 to 2012, primarily driven by increases in total saleable GFA delivered and ASP per sq.m. sold. Our net profit decreased by 14.2% from the six months ended June 30, 2012 to the six months ended June 30, 2013, primarily due to (i) a greater proportion of total saleable GFA delivered in the six months ended June 30, 2013 being attributable to lower profit-margin units, and (ii) a lower net increase in fair value of our investment properties.

### *Net Increase in Fair Value of Investment Properties*

Under [●], gains or losses arising from changes in the fair value of our investment properties are included in our consolidated income statements in the period in which they arise. Net increases in the fair value of our investment properties amounted to RMB695.8 million in 2010, RMB863.7 million in 2011 and RMB836.7 million in 2012, which represent unrealized capital gains, and were primarily attributable to net increases in the fair value of Logan Century Center, which were, in turn, primarily due to (i) its completion in June 2010, (ii) the start of a lease for a majority of the leasable area and the commencement of two nearby subway lines in 2011, and (iii) the opening of a department store in its vicinity in 2012. We had net increase in the fair value of our investment properties of RMB40.5 million in the six months ended June 30, 2013, primarily attributable to the increase in the fair value of Nanning Grand Riverside Bay.

We adopted the income capitalization method for the valuation of our completed investment properties, and the direct comparison approach for the valuation of our investment properties under development. For detailed information on the key assumptions used in these valuations, see "Financial Information—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" beginning on page 291 of this document.

Excluding the effects from net increase in fair value of investment properties, our adjusted profit from operations amounted to RMB610.4 million, RMB1,057.5 million, RMB2,108.9 million, RMB721.2 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, and our adjusted net profit amounted to RMB413.1 million, RMB611.1 million, RMB1,178.1 million and RMB408.6 million for the same periods, respectively. Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. For illustrative purposes only, the following table shows the sensitivity of our net profit during the Track Record Period with regard to changes in the net increase in fair value of investment properties, assuming all other variables held constant:

| Changes in net increase in fair value of investment properties | Changes in net profit | | | |
|---|---|---|---|---|
| | For the year ended December 31, | | | For the six months ended June 30, 2013 |
| | 2010 | 2011 | 2012 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| +30% | 208,734 | 259,115 | 250,996 | 12,152 |
| +20% | 139,156 | 172,743 | 167,330 | 8,101 |
| +10% | 69,578 | 86,372 | 83,665 | 4,051 |
| -10% | (69,578) | (86,372) | (83,665) | (4,051) |
| -20% | (139,156) | (172,743) | (167,330) | (8,101) |
| -30% | (208,734) | (259,115) | (250,996) | (12,152) |

See "Risk Factors—Risks relating to Our Business—Changes in the fair value of our investment properties may have a significant impact on our results of operations" beginning on page 37 of this document.

Land premium recognized on our consolidated income statement accounted for 27.5%, 28.1%, 22.4% and 23.4% of our costs of properties sold in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. In addition, our average land cost in 2010, 2011 and 2012 and the six months ended June 30, 2013 amounted to RMB1,493 per sq.m., RMB1,442 per sq.m., RMB1,803 per sq.m. and RMB1,788 per sq.m., respectively, calculated by dividing the land premium we paid in such period by the GFA we acquired in the same period. There is no assurance that we will be able to acquire land at costs comparable to our historical land costs. Our land premium may rise in the future due to factors beyond our control, and in such event our gross profit margin may be materially and adversely affected. See "Risk Factors—Risks relating to Our Business—We may not be able to obtain land that is suitable for property development or maintain our land bank at a cost comparable to our historical cost level" beginning on page 39 of this document.

## COMPETITIVE STRENGTHS

We believe that our success and future prospects are supported by a combination of the following key competitive strengths:

- We have a land bank comprising land we acquired at competitive prices, which provides a solid foundation for our future growth and profitability;
- Effective cost control over the entire property development process;
- Leveraging our considerable strength in various cities in southern China, we can readily expand into nearby cities;
- Our ability to develop quality living communities that enhance the image and value of the surrounding area; and
- We have a well-experienced management team and have established comprehensive human resources policies to support our rapid development.

## BUSINESS STRATEGIES

We intend to grow and strengthen our business through the implementation of the following core business strategies:

- Consolidate our market position in Guangdong and Guangxi Provinces, while accelerating our expansion into other high-growth regions, including the Chengdu-Chongqing economic region and additional major cities in Guangdong Province and Guangxi Province;
- Maintain the competitiveness of our products by focusing on producing high-quality, value-added properties for first-time homebuyers and upgraders;
- Continue to align the interests of our senior management with those of our Shareholders to cultivate leadership and entrepreneurial qualities among our senior management team;
- Continue implementing a high-efficiency operating philosophy to achieve a quick development operation model, further enhancing our operating results; and
- Monitor and research opportunities to invest in senior housing and leisure property industries to foster new business growth.

## LIQUIDITY AND CAPITAL RESOURCES

### *Borrowings*

The table below sets forth a breakdown of our bank loans as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans | | | | |
| —secured | 3,585,509 | 4,861,225 | 4,690,011 | 7,189,138 |
| —unsecured | 1,292,716 | 874,285 | 1,324,224 | 164,377 |
| Total | 4,878,225 | 5,735,510 | 6,014,235 | 7,353,515 |

In addition, we had other loans of RMB302.1 million, RMB288.6 million, RMB604.1 million and RMB695.0 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively, accounting for 5.8%, 4.8%, 9.1%, and 8.6% of our total indebtedness as of such dates, respectively. Such loans were provided by non-banking financial institutions for the purpose of funding our general operations. Although we intend to primarily rely on internally generated cash flows and bank loans to finance our operations going forward, we may continue to obtain other loans to diversify our financing sources if we are presented with commercially favorable opportunities.

### *Key Financial Metrics*

| | | As of December 31, | | | As of June 30, |
|---|---|---|---|---|---|
| | Formula | 2010 | 2011 | 2012 | 2013 |
| Current ratio | Current assets ÷ current liabilities | 1.7 | 1.4 | 1.4 | 1.4 |
| Net debt to equity ratio | Net debt[(1)] ÷ total equity | 2.5 | 2.2 | 1.0 | 1.2 |
| Gearing ratio | Bank and other loans ÷ total equity | 3.1 | 2.6 | 1.6 | 1.8 |

*Note:*

(1) Net debt is defined as all borrowings net of cash and cash equivalents.

***Financing Resources and Requirements***

Property development requires substantial capital investment for land acquisition and construction. During the Track Record Period, we primarily used internal funds (including proceeds from the pre-sales and sales of our projects) to acquire land for our project, and a combination of internal funds and bank loans to fund the construction of our projects. The sales process of our properties generally begins with pre-sales, and purchasers of our pre-sale properties are generally required to settle the purchase prices either with lump sum payments or mortgage loan proceeds before the properties are delivered. Proceeds from our pre-sales and sales amounted to RMB3,131.3 million, RMB4,500.7 million, RMB8,348.2 million and RMB5,643.9 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. To fund our property developments, our bank loans increased steadily over the Track Record Period, amounting to RMB4,878.2 million, RMB5,735.5 million, RMB6,014.2 million and RMB7,353.5 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. Our policy is to finance our property developments with internal resources to the extent practicable so as to reduce our level of external funding.

During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for and development of our property development projects. It may take many months or years before positive cash flows can be generated from a project. We recorded negative cash flows from operating activities of RMB40.8 million in 2010 and RMB910.5 million in the six months ended June 30, 2013. Although we also recorded positive operating cash flows of RMB501.2 million and RMB1,648.2 million in 2011 and 2012, respectively, we cannot assure you that we will not experience negative operating cash flows in the future.

As of October 31, 2013, we had a total of 70 projects at various stages of development in 11 cities, and we expect that further development cost to complete these projects will be our main use of cash in the foreseeable future. We also anticipate that our major near-term cash requirements will include payment for land premium, repayment of bank and other loans and trade payables, which mainly represent payables to our suppliers. The table below summarizes our major near-term expected payments (including payments for our capital commitments and contractual obligations) based on our current project plans, target costs and internal estimates as of June 30, 2013, which are subject to change:

| | Expected payments | | |
|---|---|---|---|
| | For the six months ending December 31, 2013 | For the year ending December 31, 2014 | For the year ending December 31, 2015 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Development costs(1) | 2,740,534 | 6,511,967 | 7,163,164 |
| Trade payables | 1,223,107 | 668,075 | — |
| Payment for land premium(2) | 316,912 | — | — |
| Repayment of bank and other loans | 2,198,333 | 1,719,420 | — |

*Notes:*

(1) Development costs represent amounts we expect to expend to develop our property projects.

(2) Payment for land premium includes (i) contracted and budgeted costs to obtain land use rights and (ii) a land auction deposit.

We believe that our capital commitments and contractual obligations are manageable, and we intend to fund them primarily with proceeds from the following sources of cash:

- *Proceeds from our pre-sale activities.* In 2012, we recorded contracted sales of RMB9,737.2 million. In the 10 months ended October 31, 2013, we recorded contracted sales of RMB9,468.0 million, which we expect to receive within three months of the contracted sales based on our experience. In addition, based on our project plans, we expect that pre-sales will commence at 10 property projects in two months ending December 31, 2013 and in 2014, which will generate additional cash flow.

- *Proceeds from bank and other borrowings*. Our unutilized banking facilities amounted to RMB1,385.0 million, as of October 31, 2013, and we plan to obtain additional bank and other loans going forward to fund the construction of our projects in line with our past practice.
- *Proceeds from our rental income and construction contracts.* We plan to hold our current investment properties, which will continue to generate rental income. Our properties which are scheduled to be completed in the future will also contain investment properties. In addition, we will continue to provide construction services to our related parties. We expect, however, that consistent with our performance during the Track Record Period, income generated from our rental income and construction contracts will not constitute major sources of our cash flow.

Taking into account our capital commitments and contractual obligations, our current project development schedules, our sale and pre-sale status, [●] and other factors described above, our Directors confirm that we have sufficient working capital for our operations for at least 12 months from the date of this document. Our Directors further confirm that, based on our current projections, we would still have sufficient working capital for our operations for at least 12 months from the date of this document, assuming that we had no additional bank or other borrowings and experienced a decrease of up to 20% in the ASP and a decrease of up to 20% in the sales volume of our properties during such period. For further information, please refer to the sections entitled "Financial Information—Liquidity and Capital Resources" and "Financial Information—Indebtedness and Contingent Liabilities" beginning on page 311 and page 313, respectively, of this document.

## RECENT CORPORATE DEVELOPMENTS

Certain developments in our business and operations subsequent to June 30, 2013 are described below:

- In August 2013, we entered into a land grant contract with respect to a land parcel with a total site area of 19,618 sq.m. in the Chancheng District of Foshan, Guangdong Province (the "Foshan Parcel"). For more information, see the section entitled "Business—Our Property Projects—Description of Our Projects—30. Foshan Parcel" beginning on page 219 of this document.
- In October 2013, we entered into a land grant contract with respect to a land parcel with a total site area of 58,908 sq.m. in the West District of Zhongshan, Guangdong Province (the "Zhongshan Parcel"). For more information, see the section entitled "Business—Our Property Projects—31. Zhongshan Parcel" beginning on page 220 of this document.
- In October 2013, we won the bid through participation in the government land grant process with respect to a land parcel with a total site area of 71,451 sq.m. in the Gaoxin District of Nanning, Guangxi Province (the "Nanning Parcel"). For more information, see the section entitled "Business—Our Property Projects—Recent Development" beginning on page 221 of this document.
- From July 1, 2013 up to the Latest Practicable Date, we paid an aggregate amount of RMB1,469.7 million, which was attributable to land premium paid under land grant contracts concerning Longteng Homestead, the Foshan Parcel, the Zhongshan Parcel and the Nanning Parcel and the related deed tax.
- In the four months ended October 31, 2013, our contracted sales amounted to RMB3,680.0 million, of which (i) RMB3,536.0 million was attributable to contracted saleable GFA of 519,269 sq.m., resulting in contracted ASP of RMB6,810 per sq.m., and (ii) RMB144.0

million was attributable to car parks. The contracted ASP in the four months ended October 31, 2013 is lower than those for 2012 and the first half of 2013, primarily due to Logan City constituting a larger proportion of our total contracted saleable GFA in the four months ended October 31, 2013, and units of Logan City contacted for sale during such period had lower ASP.

- In the three months ended September 30, 2013, we had unaudited turnover from sales of properties of RMB1,346.4 million, which was attributable to total saleable GFA delivered of 215,664 sq.m., resulting in ASP of RMB5,870 per sq.m., primarily due to the commencement of delivery of units with lower ASP at Provence (Phase 6—Completed Portion) during such period.
- We recorded an unaudited gross profit margin of 29.5% in the nine months ended September 30, 2013, which is lower than the gross profit margin of 38.9% for 2012, and primarily due to the deliver of lower profit-margin units. According to our current delivery schedule, we expect that our gross profit margin for the year ending December 31, 2013 will improve, as the property units we are scheduled to deliver in the fourth quarter of 2013 are expected to have higher gross profit margins than those delivered in the first three quarters of 2013.

Except as disclosed above, our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2013, the end of period reported in the Accountants' Report included as Appendix I to this document, and there has been no event since June 30, 2013 that would materially affect the information shown in the Accountants' Report included as Appendix I to this document.

## RECENT MARKET AND REGULATORY DEVELOPMENTS

In 2011, residential property prices in many cities began to decline after years of sustained growth, primarily attributable to the PRC government's macroeconomic measures and the related slowdown in the PRC economy, among other things.

Transaction volumes generally remained subdued in early 2012. We have taken a number of measures to strategically respond to the challenging market conditions. We have adjusted our product mix to focus on the design and promotion of small to medium-sized housing units primarily targeted at first-time homebuyers and upgraders, and we have increased our sales activities in subway stations and near office buildings to attract such customers. Furthermore, we have strengthened our staff training to keep our sales personnel abreast of the newest governmental policies and regulations to help address our customers' questions and concerns.

Beginning in the second quarter of 2012 and continuing through the first half of 2013, transaction volumes recovered in the overall PRC property market, due in part to improving market sentiment in the PRC property market as well as the absence of further major restrictive government policies or measures. According to a report issued by the National Bureau of Statistics of China, the total residential GFA sold in the PRC in the first half of 2013 increased by 30.4% as compared with the sales in the first half of 2012. For further information, please refer to the section entitled "Industry Overview—Overview of the PRC Property Market—Recent Developments in the PRC Property Market" beginning on page 76 of this document. We believe that due in part to the market rebound beginning in the second quarter of 2012 and our strategic responses to the challenging market conditions, our contracted sales in 2012 increased by 118.0% to RMB9,737.2 million from RMB4,466.6 million in 2011 and amounted to RMB5,787.6 million in the six months ended June 30, 2013.

The prospects of the PRC property market are highly uncertain, and the PRC government may continue to implement tightening measures to restrain the PRC property market that may adversely affect our business, financial condition and results of operations in the future. On February 26, 2013, the General Office of the State Council promulgated and implemented the Notice on Continuing Adjustment and Control of Property Markets (《關於繼續做好房地產市場調控工作的通知》) (Guo Ban Fa [2013] No.17), or the No.17 Notice. The No.17 Notice is a national policy designed to regulate the property markets in all provinces, regions and cities in China. As of the Latest Practicable Date, governments of Guangdong Province, Guangzhou, Shenzhen, Nanning and Huizhou had issued specific policies to carry out the No.17 Notice. See the section entitled “Laws and Regulations relating to the Industry—Measures on Stabilizing Housing Prices” beginning on page 108 of this document. In provinces, regions and cities which have not issued specific policies to carry out the No.17 Notice, the local governments should comply with the No.17 Notice. These policies set forth measures to, among others:

- continuously enforce purchase restrictions on commodity housing;
- levy a 20% individual income tax on sales of owner-occupied housing; and
- strengthen market regulations and expectation management.

The 20% individual income tax on sales of owner-occupied housing does not affect our properties, which are newly constructed. Moreover, from March to October 2013, the nationwide contracted sales and the contracted saleable GFA in the PRC increased by 27.8% and 19.1%, respectively, as compared to the same period in 2012. From March to October 2013, our contracted sales and contracted saleable GFA increased by 86.8% and 62.2%, respectively, as compared to the same period in 2012, mainly due to our contracted sales from Seaward Sunshine from March to October 2013. Based on the above, we believe that the No.17 Notice and its local implementation policies have not had a material adverse effect on our business.

Our business and prospects will continue to be influenced by regulatory developments. Going forward, we plan to continue adjusting our product offerings in light of policy changes to minimize potential adverse effects on our business.

## SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers, equipment suppliers and construction contractors. Our major customers are purchasers of our residential and commercial properties and customers of our construction business. During the Track Record Period, some of our five largest customers were companies controlled by Mr. Ji or his associates, which were all customers of our construction business. All of such projects are expected to be completed before [●]. For further details, please see the section entitled “Business—Suppliers and Customers” beginning on page 237 of this document.

## DIVIDEND POLICY

Our Company did not declare any dividends during the Track Record Period. In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders in the six months ending June 30, 2014 approximately 20% of any net distributable profits derived during the year ending December 31, 2013, excluding changes in fair value of investment properties. However, we will re-evaluate our dividend policy annually, and the amount of dividends actually distributed to our Shareholders in the future will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. For further information, please see the section entitled "Financial Information—Dividends and Distributable Reserves" beginning on page 325 of this document.

**RISK FACTORS**

We believe there are certain risks and uncertainties involved in our operations. For example, we are heavily dependent on the performance of the PRC property market, particularly in Guangdong Province, where 53 of our 70 property development projects were located as of October 31, 2013. Our operations are also subject to extensive government regulations, and in particular, we are susceptible to changes in government policies relating to the PRC property industry, including measures designed to discourage speculation and curtail overheating. A detailed discussion of the risk factors that our Directors believe are particularly relevant to our Group is set out in the section entitled "Risk Factors" beginning on page 32 of this document.

# DEFINITIONS

**In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.**

| | |
|---|---|
| "Articles of Association" or "Articles" | the amended and restated articles of association of our Company that were conditionally approved and adopted on November 18, 2013, which will take effect upon [●], as amended from time to time |
| "associate(s)" | has the meaning ascribed thereto under the [●] |
| "Board" | the board of Directors of our Company |
| "business day" | any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business |
| "BVI" | British Virgin Islands |
| "BVI Holdco" | Junxi Investments Limited, a company incorporated in the BVI on April 16, 2013 |
| "CBRC" | the China Banking Regulatory Commission (中國銀行業監督管理委員會) |
| "Chairman" or "Mr. Ji" | Mr. Ji Haipeng, our chairman, founder, Chief Executive Officer, an Executive Director, one of our Controlling Shareholders and the father of Ms. Kei |
| "Chengdu Property" | Chengdu Logan Property Co., Ltd. (成都市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on October 15, 2010 |
| "Chief Executive Officer" | the chief executive officer of our Company |
| "China" or "PRC" | the People's Republic of China and, except where the context otherwise requires and only for the purpose of this document, references in this document to China or the PRC exclude Hong Kong, Macau and Taiwan |
| "Chinese government" or "PRC government" | the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them |
| "CIT" | PRC corporate income tax |
| "CIT law" | the PRC Corporate Income Tax Law (《中華人民共和國企業所得稅法》), which came into effect on January 1, 2008 |

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| "Companies Law" | the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| "Companies Ordinance" | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Company," "we," "us," "our," "our Company" and "our Group" | Logan Property Holdings Company Limited (龍光地產控股有限公司), a company incorporated in the Cayman Islands on May 14, 2010 as an exempted limited liability company and, unless the context otherwise requires, all of its subsidiaries, or where the context refers to any time prior to its incorporation, the business in which the predecessors of its present subsidiaries were engaged and were subsequently assumed by such subsidiaries |
| "connected person(s)" | has the meaning ascribed to it under the [●] |
| "Controlling Shareholder(s)" | has the meaning as defined under the [●] and, unless the context requires otherwise, means Mr. Ji, Ms. Kei and BVI Holdco |
| "CSRC" | China Securities Regulatory Commission (中華人民共和國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets |
| "Deed of Non-competition" | the deed of non-competition dated December 3, 2013 given by each of the Controlling Shareholders in favor of our Company |
| "Director(s)" | director(s) of our Company |
| "Dongguan Property" | Dongguan Logan Property Co., Ltd. (東莞市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on August 17, 2009 |
| "Dongguan Realty" | Dongguan Logan Realty Co., Ltd. (東莞市龍光置業有限公司), a wholly owned subsidiary of our Company established in the PRC on February 26, 2013 |
| "Dongzhen Property" | Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on February 27, 2007 |
| "Dragon Coronet" | Dragon Coronet Limited (龍冠有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on October 3, 2012 |

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| "Dragon Jubilee" .................... | Dragon Jubilee Investments Limited (龍禧投資有限公司), a company incorporated in the BVI on September 23, 2011 and wholly owned by Ms. Kei |
| "Executive Director(s)" ............... | executive director(s) of our Company |
| "Foshan Chancheng" ................. | Foshan Chancheng Logan Property Co., Ltd. (佛山市禪城區龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on December 13, 2012 |
| "Foshan Logan" ...................... | Foshan Logan Realty Co., Ltd. (佛山市龍光置業房產有限公司), a wholly owned subsidiary of our Company established in the PRC on July 16, 2013 |
| "Foshan Nanhai" .................... | Foshan Nanhai Logan Realty Co., Ltd. (佛山市南海區龍光置業房產有限公司), a wholly owned subsidiary of our Company established in the PRC on January 23, 2013 |
| "Foshan Runjing" .................... | Foshan Runjing Property Co., Ltd. (佛山市順德區龍光潤景房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on June 20, 2013 |
| "Gao Run" ......................... | Gao Run Holdings Limited (高潤控股有限公司), a company incorporated in the BVI on August 1, 2012 and wholly owned by Ms. Kei |
| "Golden Prosper" .................... | Golden Prosper Investments Limited (金裕投資有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on March 9, 2011 |
| "Golden Prosper (HK)" ............... | Golden Prosper (Hong Kong) Investments Limited (金裕（香港）投資控股有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on August 5, 2011 |
| "Grandview Architectural" ............. | Grandview Architectural Design Services Limited, a wholly owned subsidiary of our Company incorporated in Hong Kong on November 6, 2012 |
| "Guangdong Logan (Group)" ........... | Guangdong Logan (Group) Co., Ltd. (廣東龍光（集團）有限公司), previously known as Shantou Logan Jianan Co., Ltd. (汕頭龍光建安有限公司), a company established in the PRC on June 5, 1996 and one of our predecessors |
| "Guangdong Modern Construction" ..... | Guangdong Modern Construction Design and Consultation Co., Ltd. (廣東現代建築設計與顧問有限公司), a wholly owned subsidiary of our Company established in the PRC on September 6, 2005 |
| "Guangxi Province" .................. | Guangxi Zhuang Autonomous Region of the PRC |

# DEFINITIONS

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| “Guangzhou Property” | Guangzhou Logan Property Co., Ltd. (廣州市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on March 28, 2007 |
| “Guangzhou Realty” | Guangzhou Logan Realty Co., Ltd. (廣州市龍光置業有限公司), a wholly owned subsidiary of our Company established in the PRC on March 20, 2008 |
| “Hainan Jinjun” | Hainan Jinjun Realty Co., Ltd. (海南金駿置業有限公司), a wholly owned subsidiary of our Company established in the PRC on January 20, 2011 |
| “Hainan Property” | Hainan Logan Property Development Co., Ltd. (海南龍光房地產開發有限公司), a wholly owned subsidiary of our Company established in the PRC on November 12, 2010 |
| “Hang Seng Bank Facility Agreements” | two loan facility agreements entered into between us and Hang Seng Bank Limited, details of which are set out in the section entitled “Financial Information—Indebtedness and Contingent Liabilities—Hang Seng Bank Facility Agreements” in this document |
| “HK$,” “Hong Kong dollars” or “HK dollars” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKAS” | Hong Kong Accounting Standards |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Honk Jee Loong” | Honk Jee Loong Holdings Company Limited (鴻駿隆控股有限公司), a company incorporated in Cayman Islands on September 25, 2007 |
| “Huizhou Daya Bay” | Huizhou Daya Bay Logan Property Co., Ltd (惠州大亞灣龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on October 18, 2007 |
| “Huizhou Property” | Huizhou Logan Property Co., Ltd. (惠州市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on September 30, 2009 |
| “Independent Non-executive Director(s)” | independent non-executive director(s) of our Company |
| “Independent Third Party(ies)” | an individual(s) or a company(ies) who or which is/are not a director, chief executive or substantial shareholder (within the meaning of the [●]) of our Company or any of our subsidiaries, or an associate (within the meaning of the [●]) of any of such director, chief executive or substantial shareholder |

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| "Jolly Gain" | Jolly Gain Investments Limited (樂盈投資有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on March 4, 2011 |
| "Jolly Gain (HK)" | Jolly Gain (Hong Kong) Investments Limited (樂盈（香港）投資有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on August 5, 2011 |
| "Kam Wang" | Kam Wang (Hong Kong) Investments Company Limited (金泓(香港)投資有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on December 15, 2009 |
| "Latest Practicable Date" | December 2, 2013, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document |
| "LIBOR" | the London interbank offered rate |
| "Logan Century Business" | Shenzhen Logan Century Business Management Co., Ltd. (深圳市龍光世紀商業管理有限公司), a wholly owned subsidiary of our Company established in the PRC on October 25, 2010 |
| "Logan Construction" | Logan Construction Co., Ltd. (龍光工程建設有限公司), a non wholly owned subsidiary of our Company established in PRC on March 22, 2005 |
| "Logan Real Estate" | Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) (previously known as Guangdong Logan Real Estate Holdings Co., Ltd 廣東龍光地產股份有限公司), a company established in the PRC on May 15, 2003 and one of our predecessors |
| "Logan Sunshine" | Foshan Logan Sunshine Seaward Property Co., Ltd. (佛山市龍光陽光海岸房地產有限公司), a non wholly owned subsidiary of our Company established in the PRC on March 30, 2012 |
| "Longfeng Property" | Shantou Longhu Long Feng Co., Ltd. (汕頭市龍湖區龍鋒實業有限公司), an Independent Third Party |
| "Macau" | the Macau Special Administrative Region of the PRC |
| "Memorandum" or "Memorandum of Association" | the amended and restated memorandum of association of our Company that was adopted on November 18, 2013 |

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| "Ministry of Finance" or "MOF" | the PRC Ministry of Finance (中華人民共和國財政部) |
| "Ministry of Land and Resources" | the Ministry of Land and Resources of the PRC (中華人民共和國土資源部) |
| "Ministry of Supervision" | the Ministry of Supervision of the PRC (中華人民共和國監察部) |
| "MOFCOM" | the PRC Ministry of Commerce (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) or its predecessor, the Ministry of Construction of the PRC (中國建設部) |
| "Ms. Kei" | Ms. Kei Perenna Hoi Ting (previously known as Ms. Ji Peili), our Non-executive Director, one of our Controlling Shareholders and the daughter of Mr. Ji |
| "Nanning Jinjun" | Nanning Logan Jinjun Property Development Co., Ltd. (南寧市龍光金駿房地產開發有限公司), a wholly owned subsidiary of our Company established in the PRC on October 12, 2009 |
| "Nanning Junchi" | Nanning Logan Junchi Property Development Co., Ltd. (南寧市龍光駿馳房地產開發有限公司), a wholly owned subsidiary of our Company established in the PRC on November 19, 2012 |
| "Nanning Property" | Nanning Logan Property Co., Ltd. (南寧市龍光房地產開發有限公司), a wholly owned subsidiary of our Company established in the PRC on April 28, 2006 |
| "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) |
| "Noble Rhythm" | Noble Rhythm International Limited (樂韻國際有限公司), a wholly owned subsidiary of our Company incorporated in BVI on November 12, 2009 |
| "Non-executive Director" | non-executive director of our Company |
| "NPC" or "National People's Congress" | the National People's Congress of the PRC (中華人民共和國全國人民代表大會) and its Standing Committee |
| "PBOC" | the People's Bank of China (中國人民銀行), the central bank of the PRC |

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| "Platinum Profit" | Platinum Profit Investments Limited (鉑盈投資有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on March 9, 2011 |
| "Platinum Profit (HK)" | Platinum Profit (Hong Kong) Investments Limited (鉑盈（香港）投資有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on August 5, 2011 |
| "PRC Company Law" | the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time |
| "Reorganization" | the reorganization arrangements we have undergone in preparation for the [●] which are more particularly described in the section entitled "History and Reorganization" in this document |
| "Repurchase Mandate" | the general unconditional mandate to repurchase Shares given to the Directors by the Shareholders, particulars of which are set forth in the section entitled "Statutory and General Information—Further Information About Our Group—Resolutions in Writing of the Shareholders of Our Company passed on November 18, 2013" in Appendix V to this document |
| "RMB" or "Renminbi" | the lawful currency of the PRC |
| "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) |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary share(s) in the share capital of our Company with a nominal value of HK$0.10 each |

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| "Share Option Scheme" | the share option scheme our Company conditionally adopted on November 18, 2013, the principal terms of which are summarized in the section entitled "Statutory and General Information—Share Option Scheme" in Appendix V to this document |
| "Shantou Jiarun Property" | Shantou Jiarun Property Co., Ltd. (汕頭市佳潤房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on August 18, 2004 |
| "Shantou Jinfengyuan" | Shantou Jinfengyuan Realty Co., Ltd. (汕頭市金鋒園置業有限公司), a wholly owned subsidiary of our Company established in the PRC on May 30, 2008 |
| "Shantou Jinjun" | Shantou Logan Jinjun Property Co., Ltd. (汕頭市龍光金駿房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on March 26, 2013 |
| "Shantou Logan Property" | Shantou Logan Property Co., Ltd. (汕頭市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on January 28, 2008 |
| "Shantou Realty" | Shantou Logan Realty Co., Ltd. (汕頭市龍光置業有限公司), a wholly owned subsidiary of our Company established in the PRC on December 17, 2009 |
| "Shantou Tinda Laowu" | Shantou Tinda Laowu Co., Ltd. (汕頭市天達勞務有限公司), a company established in PRC and an Independent Third Party |
| "Shareholder(s)" | holder(s) of our Share(s) |
| "Shenzhen Chenrong Materials" | Shenzhen Chenrong Construction Materials Co. Ltd. (深圳市宸榮建築材料有限公司), a non wholly owned subsidiary of our Company established in the PRC on March 8, 2010 |
| "Shenzhen Decorating Construction" | Shenzhen Yongjing Decorating Construction Co., Ltd. (深圳市潤景裝飾工程有限公司) (previously known as Shenzhen Logan Decorating Construction Co., Ltd. (深圳龍光裝飾工程有限公司)), a non wholly owned subsidiary of our Company established in the PRC on March 29, 2011 |
| "Shenzhen Logan Dongzhen Realty" | Shenzhen Logan Dongzhen Realty Co., Ltd. (深圳市龍光東圳置業有限公司), a wholly owned subsidiary of our Company established in the PRC on March 10, 2009 |
| "Shenzhen Logan Investment" | Shenzhen Logan Investment Consultancy Co., Ltd. (深圳市龍光投資顧問有限公司), a wholly owned subsidiary of our Company established in the PRC on January 10, 2013 |

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| "Shenzhen Logan Property" . . . . . . . . . . . . | Shenzhen Logan Property Co., Ltd. (深圳市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on May 29, 2003 |
| "Shenzhen Media Planning" . . . . . . . . . . . | Shenzhen Logan Media Planning Co., Ltd. (深圳市龍光傳媒策劃有限公司), a wholly owned subsidiary of our Company established in the PRC on April 1, 2008 |
| "Shenzhen Youkaisi" . . . . . . . . . . . . . . . . . | Shenzhen Youkaisi Investment Co., Ltd. (深圳市優凱思投資顧問有限公司) (previously known as Shenzhen Logan Investment Consultancy Co., Ltd. (深圳市龍光投資顧問有限公司)) a wholly owned subsidiary of our Company established in the PRC on April 1, 2008 |
| "Shunde Realty" . . . . . . . . . . . . . . . . . . . . . | Foshan Shunde Logan Realty Co., Ltd. (佛山市順德區龍光置業房產有限公司), a wholly owned subsidiary of our Company established in the PRC on April 17, 2008 |
| "SITIC (Shenzhen)" . . . . . . . . . . . . . . . . . . | the Science, Industry, Trade and Information Commission of Shenzhen Municipality (深圳市科技工貿和信息化委員會) |
| "State Council" . . . . . . . . . . . . . . . . . . . . . . | the State Council of the PRC (中華人民共和國國務院) |
| "Substantial Shareholder(s)" . . . . . . . . . . . | has the meaning ascribed to it in the [●] |
| "Tai Ying" . . . . . . . . . . . . . . . . . . . . . . . . . | Tai Ying Investments Limited (太盈投資有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on March 4, 2011 |
| "Tai Ying (HK)" . . . . . . . . . . . . . . . . . . . . . | Tai Ying (Hong Kong) Investments Limited (太盈(香港)投資有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on August 5, 2011 |
| "Talent Union" . . . . . . . . . . . . . . . . . . . . . . | Talent Union Investments Limited (匯駿投資有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on March 10, 2011 |
| "Talent Union (HK)" . . . . . . . . . . . . . . . . . | Talent Union (Hong Kong) Investments Limited (匯駿(香港)投資有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on August 5, 2011 |
| "Thrive Ally" . . . . . . . . . . . . . . . . . . . . . . . | Thrive Ally Limited (興匯有限公司), a company incorporated in the BVI on July 31, 2012 and wholly owned by Ms. Kei |
| "Track Record Period" . . . . . . . . . . . . . . . . | the period comprising the three years ended December 31, 2012 and the six months ended June 30, 2013 |
| "United States" or "U.S." . . . . . . . . . . . . . . | the United States of America, its territories and possessions and all areas subject to its jurisdiction |

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| "United States Person" . . . . . . . . . . . . . . . . | any national or resident of the United States, or any corporation, pension, profit-sharing or other trust or other entity organized under the laws of the United States or of any political subdivision thereof (other than a branch located outside the United States of any United States Person), and shall include any United States branch of a person who is otherwise not a United States Person |
| "U.S. dollars" or "US$" . . . . . . . . . . . . . . . | United States dollars, the lawful currency of the United States |
| "Yuen Ming" . . . . . . . . . . . . . . . . . . . . . . . | Yuen Ming (Hong Kong) Investments Company Limited (潤銘(香港)投資有限公司), a wholly owned subsidiary of our Company incorporated in Hong Kong on September 27, 2007 |
| "Yuen Ming Investments" . . . . . . . . . . . . . | Yuen Ming Investments Company Limited (潤銘投資有限公司), a wholly owned subsidiary of our Company incorporated in the BVI on September 19, 2007 |
| "Zhongrong International" . . . . . . . . . . . . . | Zhongrong International Trust Co., Ltd. (中融國際信託有限公司), a company established in the PRC and an Independent Third Party |
| "Zhongshan Jinjun" . . . . . . . . . . . . . . . . . . | Zhongshan Jinjun Property Co., Ltd. (中山市金駿房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on January 6, 2013 |
| "Zhongshan Junchi" . . . . . . . . . . . . . . . . . . | Zhongshan Junchi Property Co., Ltd. (中山市駿馳房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on May 23, 2013 |
| "Zhongshan Property" . . . . . . . . . . . . . . . . | Zhongshan Logan Property Co., Ltd. (中山市龍光房地產有限公司), a wholly owned subsidiary of our Company established in the PRC on February 25, 2007 |
| "Zhuhai Property" . . . . . . . . . . . . . . . . . . . | Zhuhai Logan Property Development Co., Ltd. (珠海市龍光房地產開發有限公司), a wholly owned subsidiary of our Company established in the PRC on June 18, 2007 |

Unless the context otherwise requires, references to "2010," "2011" and "2012" in this document refer to our financial year ended December 31 of such year.

Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the [●].

If there is any inconsistency between the official Chinese name of the PRC laws or regulations or the PRC government authorities or the PRC entities mentioned in this document and their English translation, the Chinese version shall prevail. English translations of official Chinese names or vice versa are for identification purposes only.

# GLOSSARY OF TECHNICAL TERMS

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

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| "ASP" | average selling price |
| "CAGR" | compound annual growth rate |
| "commodity properties" | residential properties, commercial properties and other properties developed by property developers for the purposes of sales or lease |
| "completion certificate" (竣工驗收備案表) | a certificate issued by local urban construction bureaus or equivalent authorities in the PRC with respect to the completion of property projects subsequent to on-site examination and inspection |
| "construction commencement permit" (建築工程施工許可證) | a permit issued by local construction committees or equivalent authorities in the PRC with respect to the commencement of construction of property projects |
| "construction land planning permit" (建設用地規劃許可證) | a permit issued by local urban zoning and planning bureaus or equivalent authorities in the PRC with respect to the commencement of the survey, planning and design of property projects |
| "construction work planning permit" (建設工程規劃許可證) | a permit issued by local urban zoning and planning bureaus or equivalent authorities in the PRC evidencing government approval of the overall planning and design of a property project |
| "GDP" | gross domestic product |
| "GFA" | gross floor area |
| "land grant contract" (國有土地使用權出讓合同) | a contract we enter into with the relevant local government authority after a public tender, auction or listing-for-sale process (as applicable), which provides for, among other things, the amount of land grant premium payable to acquire the land use rights of the relevant land parcel. After the land grant premium is paid and the conditions as set forth in the contract are satisfied, we will obtain a land use rights certificate for such land parcel |

# GLOSSARY OF TECHNICAL TERMS

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| "land use rights certificate" (土地使用權證) | a certificate (or certificates as the case may be) of the right of a party to use a parcel of land |
| "LAT" | land appreciation tax, as defined in the PRC Provisional Regulations on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) of 1994 and its implementation rules, as described in the section entitled "Laws and Regulations relating to the Industry" in this document |
| "leasable GFA" | the GFA attributable to the land parcel for leasing and investment appreciation purposes |
| "plot ratio" | the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area |
| "pre-sale permit" (商品房預售許可證) | the pre-sale permit authorizing a developer to commence the pre-sale of a property project under construction in the PRC |
| "property ownership certificate" (房屋所有權證) | property ownership certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings |
| "public tender," "auction" or "listing-for-sale" | public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the PRC government. Please refer to the section entitled "Laws and Regulations relating to the Industry" in this document for a detailed explanation of these processes |
| "saleable GFA" | the GFA attributable to the land parcel for sale minus the GFA attributable to car parks, non-saleable areas and public areas |
| "total GFA" | the GFA attributable to the above-ground and underground saleable and/or leasable area contained within the external walls of any building at each floor level and the whole thickness of the external walls of the relevant project together with other non-leasable and non-saleable area. In general, it includes mechanical and electrical services rooms, refuse rooms, water tanks, car parks, elevators and staircases. |
| "sq.km." | square kilometers |
| "sq.m." | square meters |

# FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, including, without limitation, words and expressions such as "expect," "believe," "plan," "intend," "estimate," "project," "anticipate," "seek," "may," "will," "would" and "could" or similar words or statements, in particular, in the sections entitled "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

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. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document, and the following:

- our business and operating strategies and our ability to implement such strategies;
- our dividend distribution plans;
- our ability to further develop and manage our projects as planned;
- our capital commitment plans, particular plans relating to acquisition of land for our property development and the development of our projects;
- our operations and business prospects, including development plans for our existing and new businesses;
- the regulatory environment in terms of changes in laws and PRC government regulations, policies and approval processes in the regions where we develop or manage our projects as well as the general industry outlook for the PRC real estate industry;
- exchange rate fluctuations and restrictions;
- future developments and the competitive environment in the PRC real estate industry; and
- the general economic trend of the PRC and, in particular, in Guangdong Province and the other regions in which we operate.

We caution you that, 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 document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

In this document, statements of or references to the intentions of our Company or any of our Directors are made as of the date of this document. Any such intentions may potentially change in light of future developments.

## RISKS RELATING TO OUR BUSINESS

### *We are heavily dependent on the performance of and policies affecting the PRC property market, particularly in Guangdong Province*

Our business and prospects depend heavily on the performance of and policies affecting the PRC property market. Any housing market downturn or policy change in the PRC generally or in the regions where we have property developments could adversely affect our business, financial condition and results of operations. Most of our property developments are located in Guangdong Province. As of October 31, 2013, we had 70 projects at various stages of development, of which 53 were located in Guangdong Province. Sales of residential property projects in Guangdong Province and Guangxi Province accounted for the majority of our revenue from sales of properties during the Track Record Period. Going forward, we intend to maintain our focus on the property markets in Guangdong and Guangxi Provinces, while selectively increasing our presence in other markets in the PRC which we believe have high growth potential, including the Chengdu-Chongqing and Bohai Bay economic regions. As such, our business is and may continue to be heavily dependent on the continued growth of the property market in Guangdong and Guangxi Provinces and any adverse developments in the supply and demand or decline in property prices in Guangdong and Guangxi Provinces would have an adverse effect on our results of operations and financial condition. In addition, future demand for different types of residential properties is uncertain. If we fail to respond to changes in market conditions or customer preferences in a timely manner or at all, our business, financial condition and results of operations will be adversely affected.

The PRC property market is affected by many factors, including changes in the PRC's social, political, economic and legal environment, changes in the PRC government's fiscal and monetary policy, the lack of a mature and active secondary market for residential and commercial properties and the relatively limited availability of mortgage loans to individuals in the PRC. Demand for residential properties in the PRC, particularly in Guangdong Province, has grown significantly in recent years, but such growth is often coupled with volatility in market conditions and fluctuations in property prices. In particular, China's property market is affected by the recent slowdown in China's economic growth, with China's yearly real GDP growth rate decreasing from 10.4% for 2010 to 9.3% for 2011 and 7.8% for 2012. A number of factors have contributed to China's economic slowdown, including the appreciation of the Renminbi and tightening macroeconomic measures and monetary policies adopted by the PRC government aimed at preventing the overheating of China's economy, controlling China's high level of inflation, and stabilizing the growth of specific sectors, including the property market. Due in large part to such control measures, including home purchase restrictions and credit tightening policies, property markets in certain cities had experienced decreases in both trade volume and sale prices in recent periods. Please also refer to the section entitled "—Risks relating to Property Development in the PRC—PRC government policies, regulations and measures intended to discourage speculation in the property market may adversely affect our business" in this document. We cannot assure you that property sales will return to past levels or that we will be able to benefit from any future growth in the property market in Guangdong Province or elsewhere in the PRC. Any further decline in property sales or decrease in property prices in the PRC generally or in the regions where we have property developments could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the PBOC increased the benchmark one-year lending rate three times in 2011, and subsequently decreased the benchmark one-year lending rate in June and July 2012, resulting in a new benchmark one-year lending rate of 6.00%. As of the Latest Practicable Date, the benchmark one-year lending rate was 6.00%. The PBOC may further increase or decrease the benchmark one-year lending rate in the future. Increases in interest rates may increase our finance costs and make mortgage financing more expensive for our potential customers, which may have a material adverse effect on our business, financial condition and results of operations. For further information on the recent increases in interest rates, please refer to the section entitled "—Risks relating to Property Development in the PRC—Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this document. Any other adverse developments in national and local economic conditions as measured by factors such as inflation, employment levels, job growth, consumer confidence and population growth, particularly in the regions where we operate, may affect demand for our projects and would have a material adverse effect on our business, financial condition and results of operations.

***The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business***

The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also had a negative impact on property markets and property prices in the PRC. For example:

- the economic slowdown and credit tightening measures have reduced the demand for residential and commercial properties and resulted in a reduction of property prices; and
- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financing.

In addition, recent global market and economic conditions, including the European sovereign debt crisis, the credit rating downgrade of the United States and heightened market volatility in major stock markets, have been unprecedented and challenging. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, the willingness of potential property purchasers to purchase our properties, which may lead to a decline in the general demand for our projects and decrease in their selling prices. In addition, any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, our business, financial condition and results of operations could be materially and adversely affected.

***As we expand into new markets, we may not be able to replicate the success we have achieved in our core markets or successfully manage our expanded operations***

We have been expanding our operations in recent years and expect to continue expanding. As of the Latest Practicable Date, we had continued to focus our business on our core markets in Guangdong Province and Nanning, the largest city in Guangxi Province, where a majority of our projects are located. As of the Latest Practicable Date, we also had projects at various stages of development in Sichuan Province and Hainan Province. In addition, we plan to increase our investments in the Chengdu-Chongqing economic region and monitor opportunities for expansion into the Bohai Bay economic region of northeast China and other high-growth regions in China.

However, our experience in our core markets and quick development operation model may not be readily transferable to other regions. For further information on our quick development business model, please see the section entitled "Business—Standardization" in this document. Markets in other regions may differ from our core markets in terms of customer tastes, behavior and preferences. We will have limited ability to leverage our established brands and reputation in these new markets in the way that we have done in our core markets. Furthermore, the administrative, regulatory and tax environment in such new cities may differ substantially from those in our core markets, and we may face additional expenses or difficulties in adapting to such procedures and complying with such environment. In addition, as we enter new markets, we may not have the same level of familiarity with local contractors, suppliers and other business partners, business practices and customs as we do in our core markets, and we may face higher costs and more intense competition from established property developers with experience in those markets.

As we continue to expand, we will have to continue to improve our managerial, technical and operational knowledge 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 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 sources of liquidity 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. Neither can we assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to obtain adequate funding or capital on commercially favorable terms for land acquisitions or property developments***

The property development business in the PRC is capital intensive. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for and development of our property development projects. During the Track Record Period, our principal sources of funds to finance our working capital, capital expenditures and other capital requirements were bank loans and internally generated cash flows (including proceeds from the pre-sales and sales of our projects). However, we cannot assure you that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund land acquisitions or property developments. In addition, we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all. As of October 31, 2013, our outstanding long-term and short-term bank borrowings were RMB5,490.2 million and RMB2,162.1 million, respectively. Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors, many of which are beyond our control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers. For more information, please see the section entitled "—Risks relating to Property Development in the PRC—The PRC property market is heavily regulated and subject to PRC government policies, regulations and measures intended to discourage speculation in the property market" in this document.

In addition, the PBOC regulates and continually adjusts the lending rates and reserve requirement ratios for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks for property developers and leveraged property buyers.

We expect that increases in interest rates and reserve requirement ratios, if any, would increase our finance costs in general. For more information, please see the section entitled "—Risks relating to Property Development in the PRC—Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this document. Our interest expenses on bank loans and other borrowings in 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB251.4 million, RMB342.3 million, RMB494.0 million and RMB243.5 million, respectively. We currently do not hedge our interest rate risk. Although we may do so in the future, we cannot assure you that such hedging will be sufficient to offset our interest rate risk. Any further increases in interest rates on our bank borrowings, including as a result of interest rate increases by the PBOC, could have a material adverse effect on our business, financial condition and results of operations.

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. In November 2009, the PRC government raised the minimum down payment of land premium to 50%. In March 2010, this requirement was further tightened. The PRC government set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at no less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant transaction is closed, and the down payment of 50% of the land premium is to be paid within one month of the signing of the land grant contract, with the balance to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract, subject to limited exceptions. Such policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments.

We cannot assure you that the PRC government will not introduce other initiatives which may limit our access to capital resources or increase our finance costs. The foregoing and other initiatives introduced by the PRC government may limit our flexibility and ability to use bank loans or other forms of financing to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

***We may not be able to obtain land use rights certificates or other requisite government approvals or registrations for our current projects or for projects we may acquire in the future***

The property development industry in the PRC is heavily regulated by the PRC government. PRC property developers must comply with various requirements provided by national and local laws and regulations, including the policies and procedures established by local authorities designed for the 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 approvals from the relevant authorities at various stages of the property development process, including land use rights certificates, planning permits, construction commencement permits, pre-sale permits and completion certificates. Each approval or renewal is dependent on the satisfaction of certain conditions. We cannot assure you that we will not encounter material delays or other impediments in fulfilling the conditions necessary for the approvals, or that we will be able to adapt ourselves in a timely and effective manner to new laws, regulations or policies that may come into effect from time to time with respect to the property development industry. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, the requisite government approvals or renewals, the schedule of development and sales of our developments could be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

In particular, in order to develop and sell properties in the PRC, property developers are required to obtain land use rights certificates from the relevant government authorities. The land use rights certificate in respect of a piece of land will not be issued until the developer has entered into a land grant contract with the relevant authorities, made full payment of the land premium and complied with the land use rights and any other land grant conditions. Please see the Property Valuation Report in Appendix III to this document and the section entitled "Business—Our Property Projects—Description of Our Projects" in this document for more details on land sites for which we have land grant contracts but no land use rights certificates, classified as projects contracted to be acquired.

As of the Latest Practicable Date, we had obtained the land use rights certificates for all of our 70 projects. However, we cannot assure you that the Ministry of Land and Resources or its local branches will grant us the appropriate land use rights certificate in respect of any land we may acquire in the future in a timely manner, or at all, in the event of force majeure or governmental acts. If we cannot obtain land use rights certificates in respect of any land we may acquire in the future, we may not be able to construct, lease or sell the relevant projects which could have a material adverse impact on our results of operations, financial condition and business prospects.

We have entered into numerous agreements with various government authorities with the intention to facilitate obtaining the land use rights certificates for certain parcels of land located in China. Under relevant PRC laws and regulations, we are required to fully pay the land premium under these contracts before we will be able to obtain the relevant land use rights certificates. There are risks with respect to the enforcement of these agreements, particularly in light of their relatively long execution periods, in some cases, and potential changes in PRC government policies. There can be no assurance that PRC government policies related to our projects will not change in the future or that there will not be changes in the manner of the implementation of these agreements. Further, there can be no assurance that there will not be modifications to these agreements as to terms that are favorable to us, including changes in the price of the land use rights to the land parcel concerned. In addition, the law and practice relating to the enforcement of contracts and agreements against PRC government entities involve uncertainty, and there can be no assurance that title to the land parcels subject to these agreements will be eventually obtained. If any of these agreements is not implemented as agreed, our business, financial condition and results of operations may be materially and adversely affected. For more details on some of our recent agreements, please refer to the section entitled "Business—Our Property Projects—Description of Our Projects" in this document.

***A default under any of our lending or financing agreements could result in enforcement against the security we have granted***

We have maintained a significant level of indebtedness, a substantial portion of which is primarily secured by our legal interests in various properties and buildings. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total current and non-current borrowings, which included our bank loans and other loans, were RMB5,180.3 million, RMB6,024.1 million, RMB6,618.3 million and RMB8,048.5 million, respectively, and our current ratio was 1.7, 1.4, 1.4 and 1.4, respectively, calculated by dividing our current assets by our current liabilities as of the applicable dates. For further information relating to our indebtedness, please refer to the section headed “Financial Information—Indebtedness and Contingent Liabilities” in this document.

We cannot assure you that we will be able to generate sufficient cash flow from operations to meet our payment obligations under our current outstanding debt. If we are unable to make scheduled payments in connection with our debt and other payment obligations as they become due, we may need to re-negotiate the terms and conditions of such obligations or to obtain additional equity or debt financing, failing which we may default on such repayment (or other) obligations. We cannot assure you that any such renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk (or otherwise) and we fail to raise financing through other means, we may breach our repayment (and/or other) obligations. In the event of a default, our lenders can enforce their rights against us, including enforcing their rights against our pledged collateral and other security under the relevant financing agreements.

We cannot assure you that we will be able to continue meeting all of our obligations under the bank and other loans. We also cannot assure you that the assets we have pledged to our lenders or trust financing companies will not be subject to enforcement actions, in which case we may lose control and ownership of a number of projects and our business, financial condition and results of operations may be materially and adversely affected.

***Changes in the fair value of our investment properties may have a significant impact on our results of operations***

We are required to reassess the fair value of our investment properties on every balance sheet date for which we issue financial statements. Under [●], gains or losses arising from changes in the fair value of our investment properties are included in our consolidated income statements in the period in which they arise. You should note that the fair value gains or losses in our investment properties represent unrealized capital gains and do not change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our net profit margins were 32.9%, 36.6%, 27.6% and 13.3%, respectively, reflecting net increases in the fair value of our investment properties of RMB695.8 million, RMB863.7 million, RMB836.7 million and RMB40.5 million, respectively. Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. The amount of revaluation adjustments has been, and continues to be, subject to market fluctuations. We cannot assure you that changes in market conditions will continue to create fair value gains on our investment properties at the previous levels or at all, or that the fair value of our investment properties will not decrease in the future. In particular, a significant portion of our net increase in fair value of investment properties during the Track Record Period was attributable to our only commercial property, Logan Century Center, which contributed RMB510.8 million, RMB742.9 million, RMB380.0 million and nil to our net increase in fair value of investment properties in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. For more information on our net increase in fair value of investment properties, see the section entitled "Financial Information—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" in this document. We cannot assure you that going forward fair value gains relating to Logan Century Center will recur at the previous levels or at all. In addition, the fair value of our investment properties may materially differ from the amount we will receive in actual sales of the investment properties. Any significant decreases in the amount we receive in actual sales of our investment properties would materially and adversely impact our results of operations.

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

We had investments or held interests in approximately 118,712 sq.m. of investment properties as of June 30, 2013. As of December 31, 2010, 2011 and 2012 and June 30, 2013, the fair value of our investment properties was RMB1,892.0 million, RMB2,875.0 million, RMB3,736.0 million and RMB3,777.0 million, respectively. We expect to increase our investment property portfolio in the future. Any form of real estate investment is illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We also cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, we may also need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

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

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

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

***We guarantee the mortgage loans provided to our customers and consequently are liable to the mortgagee banks if our customers default on their mortgage payments***

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers until we complete the development of the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our customers followed by the completion of mortgage registration procedure. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgage bank may auction the underlying property and recover any shortfall from us since we are the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations of mortgage banks. During the Track Record Period and up to the Latest Practicable Date, we encountered 40 incidents of default by purchasers for whom we had guaranteed mortgage loans, which involved an aggregate default payment of RMB1.4 million.

As of June 30, 2013, our outstanding guarantees in respect of our customers' mortgage loans were RMB2,343.2 million. Should any material default occur and if we are called upon to honor our guarantees, our business, financial condition and results of operations could be adversely affected.

***We may not be able to obtain land that is suitable for property development or maintain our land bank at a cost comparable to our historical cost level***

To maintain and grow our business in the future, we will be required to continually replenish and increase our land bank with suitable land for development at commercially acceptable prices. Our ability to identify and acquire suitable land is subject to a number of factors, some of which are beyond our control. We must identify land that has potential for future development ahead of our competitors. However, we cannot assure you that the land identified and acquired by us will be suitable for development or offer the return we desire.

During the Track Record Period, we primarily acquired land through participation in the government public tender, auction or listing-for-sale land grant process and through the acquisition of property development companies or land use rights from other developers. The availability and price of land sold depend on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels pursuant to specific regulations. All these measures further intensify the competition for land in China among property developers. As we expect our cost of acquiring land use rights to further increase in the future, our gross profit margin and our ability to maintain our land bank at a cost comparable to our historical cost level may be materially and adversely affected. For instance, Provence was one of our major projects during the Track Record Period in terms of turnover. The various land grant contracts in relation to Provence were executed between 2006 and 2012. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the average land cost of Provence recognized in direct costs amounted to RMB460 per sq.m., RMB460 per sq.m., RMB374 per sq.m. and RMB469 per sq.m., respectively. Such costs are significantly lower than the average land cost of the most recent land parcel for Provence we acquired in December 2012, which was RMB1,892 per sq.m. If the average land cost of Provence recognized in direct costs during the Track Record Period had been adjusted to RMB1,892 per sq.m., our gross profit margin would have been 21.4%, 35.0%, 36.4% and 30.5% in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, as compared to the actual gross profit margin of 27.4%, 40.2%, 38.9% and 30.8%, respectively. If we fail to obtain suitable land for development at commercially acceptable prices that allow us to achieve reasonable returns upon sales of properties, the benefits we have enjoyed from having a land bank comprising land we acquired at competitive prices may not recur in the future, and our business, financial condition and results of operations will be materially and adversely affected as a result.

***We may not be able to successfully complete projects that we are currently developing, or plan to develop, in a timely manner or at all***

At any point in the planning or development of a project, we could face, among other things, regulatory changes, financing difficulties, inabilities or difficulties in obtaining the required government approvals or government-mandated changes in our property development business, any of which could delay, increase the cost of, or prevent the completion of any such projects. We may also delay or revise our plans for property developments due to a variety of factors, including changes in market conditions, a shortage or increase in the prices of construction materials, equipment or labor, labor disputes or disputes with our contractors and subcontractors. We may commit significant time and resources to a project before determining that we are unable to complete it successfully, which could result in a loss of some or all of our investment in such project. If the delivery delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the property sale and purchase contract, the purchaser may terminate the proposed sale and purchase contract, reclaim the deposit and claim damages. If we are unable to complete projects as planned, this may materially and adversely affect our business, financial condition and results of operations.

In addition, we have built and continue to build large-scale property development projects. Large-scale property development projects in general require substantial capital expenditures and we may incur significant costs in order to acquire the land and develop properties for these large-scale projects. We cannot assure you that our existing or future large-scale developments will be successful or that any such development will not encounter difficulties that may result in significant losses to our investment in such developments or costs relating to damages to purchasers, any of which could materially and adversely affect our business, financial condition and results of operations.

***We recorded negative cash flows from operating activities in the past***

In 2010 and the six months ended June 30, 2013, we recorded negative operating cash flows of RMB40.8 million and RMB910.5 million, respectively. For further information, please see the section entitled "Financial Information—Liquidity and Capital Resources—Cash Flow" in this document. We cannot assure you that we will not experience negative operating cash flows in the future. If we continue to record negative operating cash flows in the future, our working capital may be constrained, which may materially and adversely affect our business, financial condition and results of operations.

We depend on cash flows from pre-sales of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of properties and may use pre-sales proceeds to finance only the developments wherein such properties are located. In the past several years, a number of government authorities and officials have proposed to limit or abolish the pre-sales of properties. These recommendations have not been adopted by the PRC government and have no enforceability. However, we cannot assure you that the PRC government will not ban or implement further restrictions on the pre-sales of properties, such as imposing additional conditions for pre-sale permits or further restrictions on the use of pre-sales proceeds. Any such measure will adversely affect our cash flows and force us to seek alternative sources of funding for our property development business.

***We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner***

Under current laws and regulations, we are required to submit the requisite registration applications in connection with our property developments, including the land use rights certificate, construction land planning permit, construction work planning permit, construction commencement permit and completion certificate, to the local house registration authority after the relevant properties are completed and apply for the general property ownership certificates in respect of the properties. The house registration authority shall record the registration information or reject the registration within 30 business days. We cannot assure you that we will not experience any unanticipated delays in obtaining such ownership certificates. In the case that a late delivery of any individual property ownership certificate is due to delays that are deemed to be caused by us, the purchaser would be able to terminate the property sales and purchase contract, reclaim the payment and claim damages, any of which could materially and adversely affect our business, financial condition and results of operations.

***We are a holding company that is dependent on distributions from subsidiaries, and our ability to pay dividends and financial condition could be adversely affected if those distributions are not made in a timely manner or at all***

We are a holding company and we conduct substantially all of our business through operating subsidiaries in the PRC. As a result, our ability to pay dividends to our Shareholders and our ability to repay debt, including debt that we may incur after this [●], is dependent upon cash dividends and distributions or other transfers from such PRC subsidiaries. Under PRC regulations, such subsidiaries may distribute to us their after-tax profits, as determined in accordance with the PRC accounting rules and regulations, only after they have made appropriate reserves to relevant statutory funds and withheld the appropriate dividend tax. The PRC accounting rules and regulations differ in many aspects from generally accepted accounting principles in other jurisdictions, including [●]. Our operating subsidiaries that are wholly foreign-owned enterprises may not distribute their after-tax profits to us if they have not already made reserves to (i) their staff and workers' bonus and welfare fund at a percentage that is decided by their board of directors and (ii) their reserve fund at a rate of at least 10% of their annual net profit. A wholly-foreign-owned enterprise is required to continue making reserves to its reserve fund until such fund reaches 50% of its registered capital. The reserve fund is not distributable as cash dividends. Furthermore, restrictive covenants in bank credit facilities, joint venture agreements or other agreements that we may enter into in the future may also restrict the ability of our project subsidiaries to make contributions to us and our ability to receive distributions from them. These restrictions could reduce the amounts of distributions that we receive from our subsidiaries, which would restrict our cash flow and our ability to pay dividends and repay debt.

***Our property valuation may differ materially from the actual realizable value of our properties, which is subject to change***

The Property Valuation Report prepared by DTZ Debenham Tie Leung Limited is included in Appendix III to this document. The valuations in the report are based upon certain assumptions, which, by their nature, are subjective, uncertain and may differ materially from actual results. With respect to properties under development and properties held for future development, the valuations are based on the assumptions that (i) the properties will be completed or developed as currently proposed, and (ii) regulatory and governmental approvals for the properties have been or will be obtained. These valuations are not a prediction of the actual value we may achieve from these properties. In addition, our property valuations are subject to change as a result of changes in market conditions. Unforeseen changes in a particular property development or in general or local economic conditions could affect the value of our properties and could adversely affect our business, financial condition and results of operations.

***Since we recognize our sales revenues only upon delivery of the properties sold, our operating results fluctuate from period to period depending on the timing of completion of our projects***

Our results of operations have varied in the past and may continue to fluctuate significantly from period to period in the future. In 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, our turnover was RMB2,851.7 million, RMB3,447.5 million, RMB6,587.7 million, RMB1,566.4 million and RMB3,332.2 million, respectively, and we had net profit attributable to our equity shareholders of RMB926.3 million, RMB1,247.6 million, RMB1,794.1 million, RMB512.2 million and RMB435.4 million, respectively. Since we recognize proceeds from the sales of a property as revenue only upon the delivery of the property, our revenue and profit during any given period is affected by the quantity of properties delivered during that period. The quantity of properties delivered is largely a result of our property delivery schedule and may not be indicative of the actual demand for our properties or sales achieved during that period. Our revenue and profit during any given period generally reflect property investment decisions made by purchasers at some significant time in the past, typically at least in the prior fiscal period. Furthermore, fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses such as land premium, development costs, administrative expenses, selling and marketing expenses and changes in market demand for our properties. As a result, we believe that our operating results for any period are not necessarily indicative of results that may be expected for any future period. In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the plan of development and the sales of properties. This cyclicality, combined with the lead time required for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period.

***We rely on independent contractors and other third parties for construction, labor, engineering subcontracting, design, property management, sales and other key aspects of our property development business***

While we generally act as general contractor for our property development projects and conduct most of our engineering, design, sales management, marketing and customer service in-house, we rely on independent contractors to provide certain services relating to our projects, including construction, labor, engineering subcontracting, design, property management and sales. We cannot assure you that the services rendered by any of these independent contractors will always be satisfactory or meet our requirements for quality and safety. If the performance of any independent contractor is unsatisfactory, we may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of our projects. Moreover, we may incur additional costs due to a contractor's financial or other difficulties that may affect their ability to carry out the work for which they have been retained. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

If the performance of any of such independent contractors or third parties is not satisfactory to our customers, our reputation may suffer, which may adversely affect our business, financial condition and results of operations. In addition, a serious dispute with such independent contractors or third parties that we are unable to resolve could result in costly legal proceedings and therefore have a material adverse effect on our business, financial condition and results of operations. Furthermore, an increase in the cost of labor used by our contractors and other third parties engaged in our business may eventually be passed on to us in the form of higher contract fees at the time new contracts are entered into. Finally, because of our reliance on third parties, we have limited control over the costs related to the services they provide.

***Our profit margin is sensitive to fluctuations in construction costs***

Construction costs constitute one of the main components of our direct costs. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs, especially the costs of steel and concrete, have been the principal driver of the construction costs of our property development projects. There have been significant fluctuations in construction material costs during the Track Record Period. For example, in 2010, 2011 and 2012, the average market price for steel was US$616.2 per ton, US$684.9 per ton and US$583.2 per ton, respectively, which represented a year-on-year change of +11.1% and -14.8% in 2011 and 2012, respectively. In the first half of 2013, the market price for steel was US$559.0 per ton. We believe that construction costs may rise with inflation in the foreseeable future. For more information, see the section entitled "Financial Information—Key Factors Affecting Our Results of Operations—Construction Costs" in this document. Construction costs may fluctuate as a result of the price volatility of construction materials such as steel and concrete. We currently do not, and do not expect to in the future, engage in commodities hedging activities. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), we will be required to re-negotiate existing construction contracts to top up payment to, or receive refund from, the contractors, depending on the price movement. Our profit margin is sensitive to changes in the market prices for construction materials and, as a result, our profit margins may be adversely affected.

***We may suffer losses and be subject to liabilities that are not sufficiently covered, or covered at all, by insurance***

We do not maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. We also do not require the construction companies we engage to maintain insurance coverage on our properties under construction. Please refer to the section entitled "Business—Insurance" in this document. We cannot assure you that we will not be sued or held liable for damages due to liability from any related tortious acts. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we suffer from any such losses, damages or liabilities in the course of our operations and property development, we may not have sufficient funds to cover any related losses, damages or liabilities or to repair, replace or reconstruct any property developments that have been damaged or destroyed. Any payment we make to cover related losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

***PRC tax authorities may challenge the basis on which we calculate our LAT obligations***

Under PRC tax laws and regulations, our income from the sales of land use rights and buildings or related facilities on such land is subject to LAT. LAT is payable at progressive rates ranging from 30% to 60% of the appreciation in value, representing the balance of the proceeds received on such sales after deducting certain items, including payments made for the acquisition of land use rights, direct costs and expenses of the development of the land and construction of the buildings and structures tax related to the transfer of land use rights and properties, and other deductions prescribed by the Ministry of Finance. An exemption from payment of LAT may be available if (i) the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law, or (ii) the land and properties are recalled and requisitioned by the PRC government pursuant to applicable law for construction purposes.

On December 28, 2006, the State Administration of Taxation issued the Notice on the Relevant Issues on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值税清算管理有關問題的通知》). This notice came into effect on February 1, 2007 and provides further clarity on when LAT becomes payable with respect to real estate development projects. First, the notice specifies that taxpayers are required to settle LAT for each real estate project developed, or if the project is developed in stages, for each stage of the project. Second, it provides that LAT will be imposed on taxpayers upon the occurrence of the following events: (i) when a real estate development is completed and completely sold; (ii) when a real estate development project without completion accounting is transferred as a whole to a third party; or (iii) when the taxpayer's land use right is directly transferred. Finally, it provides that LAT may be imposed on taxpayers upon the occurrence of the following additional events: (i) where a real estate development that has been completed and its transfer is approved, if the area transferred is greater than 85% of the total saleable area of the development, or, if the area transferred is less than 85%, where the retained area is leased or used by the developer; (ii) where the sale of a real estate development has not been finished after three years from the date that the sales or pre-sales permit was obtained; (iii) where a taxpayer applies to write off its tax registration but has not yet settled LAT; or (iv) where there are other circumstances as prescribed by the provincial tax authorities.

We have estimated and made full provisions for LAT in accordance with the applicable requirements set forth in the relevant PRC tax laws and regulations. In addition, we have paid LAT as it became due and payable, in accordance with PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our provision for LAT for 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 was RMB62.1 million, RMB138.9 million, RMB334.1 million, RMB70.9 million and RMB102.3 million, respectively. Our current provisions for LAT are based on our management's best estimates according to their understanding of the requirements discussed above. However, actual LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and PRC tax authorities may not agree with the basis on which we have calculated our LAT obligations. There can be no assurance that our current provisions for LAT are adequate or that the final outcome will not be different from the amounts initially recorded. In the event that our Group is required to settle any or all unpaid LAT, our cash flow and results of operations during the related period may be adversely affected.

***We depend heavily on the continued services of our founder and Chairman, Mr. Ji Haipeng***

Our success and growth depends on the continued services of Mr. Ji Haipeng, our founder and Chairman, who has 17 years of management experience in the PRC property development industry and in-depth knowledge of various aspects of property development and investment, as well as in highway, infrastructure and urban development. In addition, although Mr. Ji is covered by the general accidental injury and illness insurance we provide to our senior management, we have not taken out key man insurance for Mr. Ji. Competition for qualified and experienced personnel is intense in the property development sector and the pool of qualified candidates is very limited. The departure of Mr. Ji and any failure to find suitable replacements could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Conflicts of interest may exist between us and the Relevant Group***

Our Group is principally engaged in the development of residential properties or mixed-use properties, which mainly represent residential properties with ancillary developments ancillary to our Group's residential projects, such as retail units, supermarkets and car parks, etc., in Guangdong Province. On the other hand, the Relevant Group, being companies controlled by our Controlling Shareholders, is principally engaged in Property Management Business, being property management business, carried out by Guangdong Logan Group Property Management Co., Ltd., and Hotel and Commercial Property Business, being hotel development business and commercial property development business, carried out by Logan Real Estate (collectively, the "Relevant Businesses"), which are not part of our core business and are not in line with our overall strategy to maintain and further strengthen our market position in the PRC.

Although our Directors is of the view that there is a clear delineation between the Relevant Businesses and our business, and that none of the Relevant Businesses would compete, or is expected to compete with our core business of residential property development and that a Deed of Non-Competition has been given by our Controlling Shareholders in favor of our Group, taking into account of the nature of the hotel-type serviced apartments developed by the Relevant Group, there is potential that future competition, although the chance of which is minimal, may arise between the hotel-type serviced apartments developed by the Relevant Group and the residential properties developed by our Group given the interests of our Controlling Shareholders may not be aligned with those of our other Shareholders.

These and other conflicts discussed above may have a material adverse effect on our business, results of operations, financial condition and document. For further discussion regarding the potential competition that may exist in the future between our Group and the Relevant Group, please see the section entitled "Relationship with our Controlling Shareholders—Delineation of Business" in this document.

***If our completed property developments are not in compliance with the relevant land grant contracts, construction land planning permits, construction work planning permits or construction commencement permits, we will be subject to additional payments or be required to take corrective measures to cure such non-compliance***

The local government authorities inspect our property developments after completion and, if the developments are in compliance with the relevant laws and regulations, issue us completion certificates or other comparable documents, based upon which we are able to deliver the completed properties to our purchasers. If, for any reason, the total constructed GFA of a property development exceeds the amount of GFA authorized in the relevant land grant contract, construction land planning permit, construction work planning permit or construction commencement permit, or if the completed property contains built-up areas that do not conform to the construction land planning permit, construction work planning permit or construction commencement permit, we may be required to make additional payments or take corrective measures with respect to such non-compliant areas before we are able to obtain a completion certificate for the property development. If we fail to obtain the completion certificates or other comparable documents due to such non-compliance, we will not be able to deliver the relevant properties or recognize the revenues from the relevant pre-sold properties and may also be subject to liabilities under the sales contracts. Please refer to the section entitled "—We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner" in this document. We cannot assure you that the local government authorities will not find that the total constructed GFA or built-up areas of our existing projects under development or any future property developments exceed the relevant authorized GFA or are otherwise not in compliance with the relevant land grant contracts, construction land planning permits, construction work planning permits or construction commencement permits upon completion of our property development.

***We may be subject to penalties and our land may be repossessed by the PRC government if we do not comply with the terms of our land grant contracts***

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including terms relating to payment of premiums, designated use of land, time of commencement and completion of development), the relevant government authorities may issue a warning to or impose a penalty on the property developer, or may even repossess the land. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, under current PRC laws and regulations, if we do not commence development for more than one year from the commencement date of the construction and development work as agreed upon and stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice to us and impose an idle land fee of 20% of the land premium. If we do not commence development for more than two years from the commencement date of the construction and development work as agreed upon and stipulated in the land grant contract, the land may be subject to repossession by the PRC government without compensation unless the delay in development is caused by government actions, force majeure events or necessary preparatory work. Moreover, even if the commencement of land development is in conformity with the land grant contract, the land will be treated as idle land if (i) the developed area of land is less than one-third of the total area of the project under the land grant contract or the total capital invested is less than one-fourth of the total estimated investment of the project under the land grant contract and if (ii) the suspension of the development of the land exceeds one year in time. Current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before completion of the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession.

***Potential liability for environmental problems could result in substantial costs***

We are subject to a variety of laws and regulations concerning protection of the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Compliance with environmental laws and conditions may result in delays in development, may cause us to incur substantial compliance and other costs and could prohibit or severely restrict project development activity in environmentally sensitive regions or areas. As required by PRC laws and regulations, we must undertake an environmental assessment with respect to each project we develop and submit an environmental impact assessment report to the relevant governmental authorities for approval before commencing construction. It is possible that there are potential or hidden material environmental liabilities of which we are unaware, which may have a material adverse impact on our business. In addition, we cannot assure you that our operations will not result in environmental liabilities or that our contractors will not violate any environmental laws and regulations in their operations that may be attributable to us.

We have been subject to negative publicity from time to time in connection with environmental issues, which may adversely affect our reputation and, consequently, our business and results of operations. See "—We may be adversely affected by inaccurate, false or negative media coverage."

***We may be considered a "resident enterprise" under the CIT law and income tax on the dividends that we receive from our PRC operating subsidiaries may increase***

Our Company is incorporated in the Cayman Islands and we conduct substantially all of our business through operating subsidiaries incorporated in the PRC. Under the CIT law, enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and thus will generally be subject to CIT at the rate of 25% on their global income. On December 6, 2007, the State Council adopted the Regulation on the Implementation of PRC Corporate Income Tax Law, effective as of January 1, 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises." Currently, most of our management is based in the PRC, and may continue to be based in the PRC in the future. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as in our case.

If we were considered a PRC resident enterprise, we would be subject to CIT at the rate of 25% on our global income, and any dividends received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the CIT law provides that dividend payments between qualified PRC resident enterprises are exempted from CIT, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us would meet such qualification requirements if we were considered as a PRC resident enterprise for this purpose. If our global income were to be taxed under the CIT law, our results of operations and financial position would be materially and adversely affected.

Under the CIT law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the CIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with China and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. We invest in our PRC operating subsidiaries through Yuen Ming and Kam Wang, companies incorporated in Hong Kong. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對於所得避免雙重徵稅和防止偷漏稅的安排》) (the "Hong Kong Tax Treaty"), Yuen Ming and Kam Wang will be subject to withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries. However, the SAT promulgated a circular on October 27, 2009 ("Circular 601"), which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be adopted based on a "substance over form" analysis to determine whether or not to grant tax treaty benefits to a "conduit" company. It is unclear whether Circular 601 applies to dividends from our PRC operating subsidiaries paid to us through Yuen Ming and Kam Wang. It is possible, however, that under Circular 601, Yuen Ming and Kam Wang would not be considered as the "beneficial owner" of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favorable 5% rate applicable under the Hong Kong Tax Treaty, in which case our results of operations and financial position would be materially and adversely affected.

***We may be adversely affected by inaccurate, false or negative media coverage***

From time to time, we may be the subject of media coverage on the development history, current business and future trends of major PRC property developers. Such media reports are often not authorized by us, not substantiated, and may contain inaccurate or false information about us, or may present information about us in a negative light. We have noticed certain such media reports recently, the details of which are set forth in the following paragraph. Such inaccurate, false or negative media coverage may adversely affect our reputation, and as a result our business and results of operations may be negatively affected.

On March 15, 2013, an article appeared on the Internet describing subsidence at Palm Waterfront. We believe the natural subsidence was not a result of the construction or construction quality of Palm Waterfront, but rather a result of the natural geological conditions within the Nansha District. In addition, officers from the relevant governmental department visited Palm Waterfront and confirmed that the natural subsidence occurring in that development was within the normal range caused by the complex geological structure of the Nansha District.

There can be no assurance that we will not be subject to inaccurate, false or negative media coverage in the future. To the extent that information contained in such media coverage is inconsistent with the information contained in this document, investors should not rely on such inconsistent information, and should only rely on the information contained in this document to make investment decisions about us.

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

According to Law of the People's Republic of China on National Defense (《中華人民共和國國防法》), Civil Air Defense Law of the People's Republic of China (《中華人民共和國人民防空法》), Property Law of the People's Republic of China (《中華人民共和國物權法》), Measures of the Development and Utilization of Civil Air Defense Construction during Peacetime (《人民防空工程平時開發利用管理辦法》), several Opinions regarding Further Advancing the Development of Civil Air Defense by the State Council and the Central Military Commission (《國務院、中央軍委關於進一步推進人民防空事業發展的若干意見》), the construction of new buildings in cities should contain certain basement areas which may be used for civil air defense purposes in time of war. As of October 31, 2013, our projects had total civil air defense areas of approximately 351,238 sq.m., or 3.1% of our land bank, calculated based on (i) the projects designs for our projects which were completed or under development as of October 31, 2013, and (ii) the project designs for our properties held for future development as of October 31, 2013 which have obtained governmental approval. Our civil air defense area is primarily leased out as car parks, and the relevant income amounted to RMB23.5 million, RMB38.4 million, RMB70.2 million, RMB15.5 million and RMB17.1 million in 2010, 2011, 2012, the six months ended June 30, 2013 and the nine months ended September 30, 2013, respectively. Assuming that all civil defense areas on our projects as of September 30, 2013 were used for civil air defense purposes from October 1, 2013 until the expiration of the related car park lease agreements, we estimate that we would need to refund up to RMB144.0 million to the car park lessees, amounting to 0.8% of our total revenue in 2010, 2011, 2012 and the nine months ended September 30, 2013. In times of peace, such areas can be used and managed by entities or persons investing in their construction and any revenue generated from the use of such areas belongs to such investors. However, in times of war, such areas may be used by the government at no cost. In the event of war and if our civil air defense areas are used by the public, we may not able to lease out our car parks which form a portion of our civil air defense areas, and such areas will no longer be a source of rental income.

## RISKS RELATING TO PROPERTY DEVELOPMENT IN THE PRC

***The PRC property market is heavily regulated and subject to PRC government policies, regulations and measures intended to discourage speculation in the property market***

As a property developer in the PRC, we are subject to extensive government regulation in many aspects of our operations and are highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. Over the past few years, property developers and investors have invested heavily in the PRC, raising concerns that the property market had started to overheat. In response to concerns over the scale of the increase in property investment, the PRC government has from time to time introduced policies intended to curtail the overheating of the PRC property market, including:

- strictly enforcing laws and regulations relating to idle land;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- prohibiting commercial banks from lending funds to property developers with an internal capital ratio of less than a certain prescribed percentage;
- restricting PRC commercial banks from extending loans for the development of luxury residential properties;
- restricting property developers from using borrowings obtained from any local banks to fund property developments outside that local region;
- restricting the ability of property developers to raise funds via foreign debt;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land premiums; and
- requiring property developers to promptly and fully pay land premiums before becoming eligible to receive the relevant land use rights certificate.

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

- limiting the maximum amount of monthly mortgage and total monthly debt service payments of individual borrowers;
- suspending land supply for villa developments and restricting land supply for high-end developments, while mandating a minimum land supply for affordable housing;
- imposing a business tax levy on the sales proceeds from secondary sales, based on the length of the holding period and type of property;
- requiring the strict enforcement of a 20% individual income tax on profits from sales of owner-occupied houses;
- increasing the minimum down payment on the purchase price of the residential property of a family;
- raising pre-sale threshold for commodity housing;
- strengthening the government's management of financing activities by property enterprises which have engaged in certain illegalities or irregularities;
- limiting the purchase of and mortgage loans for residential properties based on place of residence and number of residential properties owned;
- continuing the enforcement of purchase restrictions imposed on commodity housing;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property;
- giving local branches of the PBOC more latitude in raising the down-payment rate and mortgage rate for the purchase of a second residential property in cities where housing prices are increasing at an excessively high rate;
- limiting the availability of individual housing provident fund loans for the purchase of second (or further) residential properties by laborers or their family members;
- requiring property developers to make public the sales and pre-sale price of its units for sales within a certain time period and conduct sales strictly in accordance with this stated price; and

- requiring financial institutions to prioritize mortgage applications for ordinary commodity housing construction projects where small to medium-sized housing units constitute 70% or more of the total units in such construction projects so long as credit extension conditions are satisfied.

For more details on the PRC government's measures to curtail the overheating of the property market, please see the section entitled "Laws and Regulations relating to the Industry" in this document.

The PRC government's restrictive measures may limit our access to capital, reduce market demand and increase our operating costs. We cannot assure you that these measures will not adversely affect the sales of units in our developments. In addition, we cannot assure you that the PRC government will not introduce further measures to regulate the rate of growth of the property market or to limit or even prohibit foreign investment in the property sector. These existing measures and any future measures, or even rumors or threats of any new measures, may adversely affect our business, financial condition and results of operations.

***The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations***

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major provinces and cities in China, including Guangdong Province, in the early 1990s culminated in an over-supply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC provinces such as Guangdong Province and cities therein have experienced rapid and significant growth. The risk of property over-supply has increased in recent years in certain parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, together with the effect of the PRC government policies to curtail the overheating of the property market, property prices may fall significantly and our revenue and results of operations will be adversely affected. We cannot assure you that the problems of over-supply and falling property prices that occurred in the mid-1990s will not recur in the PRC property market and the recurrence of such problems could adversely affect our business and financial condition. The PRC property market is also susceptible to the volatility of the global economic conditions as described in the section entitled "—Risks relating to Our Business—The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business" in this document.

The cyclical nature of the property market in the PRC affects the optimal timing for the acquisition of sites, pace of development as well as the sales of properties. This cyclicality, combined with the lead time required for completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

***Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers***

The PBOC regulates and continually adjusts the lending rates and reserve requirement ratios for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks for property developers and leveraged property buyers. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Increases in the reserve requirement ratios reduce the amount of bank funds available for lending. The PBOC increased the reserve requirement ratios six times in 2010, and another six times up to November 2011, before reducing the reserve requirement ratios three times between December 2011 and December 31, 2012. The current reserve requirement ratios of 16.5% to 20.0% took effect on May 18, 2012.

The PBOC increased the benchmark one-year lending rate nine times between October 2004 and December 2007, from 5.58% to 7.47%. In 2008, the PBOC reduced the benchmark one-year lending rate five times, from 7.47% to 5.31%. Since late 2009, the PRC government introduced a new round of austerity measures to control the growth of the economy, including increasing the benchmark one-year lending rate five times between October 2010 and July 2011, to 6.56%. The PBOC subsequently lowered the benchmark one-year lending rate in June and July 2012, resulting in a new benchmark one-year lending rate of 6.00%. As of the Latest Practicable Date, the benchmark one year lending rate was 6.00%. We expect that increases in interest rates and reserve requirement ratios would increase our finance costs in general and the finance costs of leveraged property buyers and as a result, may delay potential purchasers from making a purchase. The effect of the increases in interest rates on our finance costs are not immediately apparent due to our capitalization of finance costs. Upon completion of a project and once the property has been delivered to buyers, the capitalized finance costs of the relevant property will be recognized as direct costs on our consolidated income statements.

Any further increases in interest rates on our bank borrowings, including as a result of interest rate increases by the PBOC, could have a material adverse effect on our business, financial condition, results of operations and prospects. These and other credit tightening measures by the PRC government in recent years have affected the ability of Chinese companies, including property developers, to borrow funds to finance their operation and development plans. Despite recent decreases, the reserve requirement ratio remains at a relatively high level. We cannot assure you that the PBOC will not raise lending rates or reserve requirement ratios in the future, or that our business, financial condition and results of operations would not be adversely affected as a result of these adjustments.

***We face intense competition***

In recent years, a large number of property developers have undertaken property development and investment projects in Guangdong Province and elsewhere in the PRC. Our major competitors include large national and regional property developers and overseas developers, including a number of leading Hong Kong property developers, some of which may be more sophisticated than us in terms of engineering and technical skills, and may have better track records and greater financial, land and other resources, broader name recognition and greater economies of scale than us.

In addition, the PRC government has recently introduced various policies and measures in order to limit the growth and to prevent the overheating of the property development sector, which has further increased competition for land among real estate developers. For more details, please refer to the sections entitled "Industry Overview" and "Laws and Regulations relating to the Industry" in this document.

Competition among property developers may result in an increase in acquisition costs of land for development, an increase in the cost or a shortage of raw materials, an over-supply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business, financial position and results of operations.

In addition, recent market downturns in the PRC may further intensity competition. If we cannot respond to changes in market conditions or changes in customer preferences more swiftly or effectively than our competitors, our business, financial condition and results of operations could be adversely affected.

***Property markets in the PRC are still at an early stage of development and lack adequate infrastructural support***

The property markets in the PRC are still at a relatively early stage of development. The growth of the PRC property markets is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as various factors, including social, political, economic and legal factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential properties may discourage investors from acquiring new properties because resale is not only difficult, but also can be a long and costly process. In addition, the limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential properties.

In addition, risk of property over-supply is increasing in certain parts of China, where property investment, trading and speculation have become overly active. in the event of actual or perceived over-supply, property prices may fall significantly and our revenue and results of operations will be adversely affected.

***The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect how quickly we can deploy, as well as our ability to deploy, the funds raised in the [●] in our business in the PRC***

In recent years, in an effort to stabilize the growth of its economy, the PRC government has introduced a series of austerity measures, including those aimed at controlling the inflow of offshore funds into the property development industry or for property speculative actives.

In addition, any capital contributions made to our PRC operating subsidiaries, are also subject to the foreign investment regulations and foreign exchange regulation in the PRC. For example, in accordance with circulars promulgated by the SAFE in August 2008 and November 2011 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested companies into Renminbi, unless otherwise permitted by PRC laws or regulations, Renminbi converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested company and cannot be used for domestic equity investment or acquisition. Pursuant to these circulars, we may encounter difficulties in increasing the capital contribution to our project companies or equity investee and subsequently converting such capital contribution into Renminbi for equity investment or acquisition in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions to our PRC project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our Group's operational results.

***The property development business is subject to claims under statutory quality warranties***

Under the Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》), which became effective on January 30, 2000, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. In addition, general contractors are required to provide quality warranties for the properties they build to the relevant property developers, and such property developers may seek reimbursement from the relevant general contractors for amounts paid to customers as a result of claims brought under quality warranties. We act as general contractor for a majority of our property projects, and in such cases we are directly responsible for construction quality and are generally not able to seek reimbursement from third-party contractors where customer claims are brought against us under our quality warranties. We cannot guarantee that we will not receive customer claims in relation to the quality of our projects. If a significant number of claims were brought against us under our quality warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and materially and adversely affect our business, financial condition and results of operations.

## RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Substantially all of our assets are located in the PRC and our revenue is sourced from the PRC. Accordingly, our results of operations, financial position and prospects are directly affected by the economic, political and legal developments of the PRC.

***PRC economic, political and social conditions as well as government policies could affect our business***

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources.

Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. However, since early 2004, the PRC government has implemented certain measures in order to prevent the PRC economy, including the property market, from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential properties, and may have an adverse impact on economic growth in the PRC. If China's economic growth decreases or if the PRC economy experiences a recession, the growth in demand for our products may also decrease and our business, financial condition and results of operations will be adversely affected. For further information, please refer to the section entitled "—Risks relating to Our Business—The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business" in this document.

In addition, demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in 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
- imposition of additional restrictions on currency conversion and remittances abroad.

***Governmental control of currency conversion may limit our ability to use capital effectively***

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive our revenues in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency 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 branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. 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 currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

***Fluctuation in the value of the Renminbi may have a material adverse effect on our business***

We conduct substantially all our business principally in Renminbi. The value of the Renminbi against the U.S. dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Effective May 21, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. On June 19, 2010, the PBOC announced that the PRC government will reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. Effective April 16, 2012, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.5% to 1% around the central parity rate. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 32.1% from July 21, 2005 to June 30, 2013. As a result of these and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the U.S. dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the U.S. dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollars or Hong Kong dollars (which are pegged to the U.S. dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the U.S. dollar or the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars or Hong Kong dollars into Renminbi for such purposes.

***The labor contract law and other labor laws and regulations in the PRC may adversely affect our business and profitability***

The labor contract law became effective in the PRC on January 1, 2008. It imposes more stringent requirements on employers in relation to entering into fixed term employment contracts, the hiring of temporary employees and dismissing employees. In addition, under the newly promulgated Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), which came into effect on the same date, employees who have continuously worked for more than one year are entitled to a paid holiday ranging from five to 15 days, depending on their length of service. Employees who agree to waive part or all of their holiday entitlement at the request of their employers must be compensated with three times their normal daily salaries for each day of holiday entitlement being waived. As a result of the new law and regulations, our labor costs may increase. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could have a material adverse effect on our business, financial condition or results of operations.

In addition, in accordance with relevant PRC labor laws and regulations, we are required to contribute to a number of employee social insurance schemes including medical, maternity, work-related injury, unemployment and pension insurance, and to the employee housing provident fund. We provide social insurance and contribute to the housing provident fund for our employees in accordance with the policies and practices of local government authorities' interpretation and implementation of relevant PRC labor laws and regulations. Changes in labor laws or regulations in the

PRC in which we operate may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion. Any failure to comply with such labor regulations may result in penalties, revocation of permits or licenses for our operations or litigation, and as a result, our business, financial condition and results of operations could be materially and adversely affected.

***Uncertainty with respect to the PRC legal system could adversely affect us and may limit the legal protection available to you***

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 and 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 non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a court of another jurisdiction. 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 or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. All these uncertainties could limit the legal protection available to foreign investors, including you.

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

A majority of our senior management members reside in mainland China, and substantially all of our assets, and substantially all of the assets of those persons are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

***Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC***

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome ("SARS"), and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of floods, earthquakes, sandstorms, snowstorms, fire, droughts or epidemics. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. Furthermore, the PRC reported a number of cases of SARS in 2003. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. In particular, any future outbreak of SARS, avian flu or other similar adverse epidemics may, among other things, significantly disrupt our business, including limiting our ability to travel or ship materials within the PRC. An outbreak of infectious disease may also severely restrict the level of economic activity in affected areas, which may in turn have a material and adverse effect on our results of operations, financial condition and business.

## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| ***Executive Directors*** | | |
| Ji Haipeng (紀海鵬) | Room 305, Building 30<br>West End of Jintao Garden<br>Zhuchi Street<br>Longhu District, Shantou<br>Guangdong Province, PRC | Chinese |
| Ji Jiande (紀建德) | No. 1, 5th Lane, Guihua Road<br>Longxiang Street<br>Longhu District, Shantou<br>Guangdong Province, PRC | Chinese |
| Xiao Xu (肖旭) | Room 1701<br>11 Nanguo Yi Street<br>Tianhe District<br>Guangzhou City<br>Guangdong Province, PRC | Chinese |
| Lai Zhuobin (賴卓斌) | Room 1703, Tower 2<br>Wan Shang Liu Zuo Garden<br>Xingye Road<br>Xixiang<br>Bao'an District<br>Shenzhen<br>Guangdong Province, PRC | Chinese |
| ***Non-executive Director*** | | |
| Kei Perenna Hoi Ting (紀凱婷) | Flat A, 72/ F, Sky Tower<br>The Arch<br>1 Austin Road West<br>Tsim Sha Tsui<br>Kowloon<br>Hong Kong | Chinese |
| ***Independent Non-executive Directors*** | | |
| Zhang Huaqiao (張化橋) | House 2<br>Le Bleu, Coastal Skyline<br>12 Waterfront Road<br>Tung Chung<br>Hong Kong | Chinese |
| Liu Ka Ying, Rebecca (廖家瑩) | Flat D, 31/F, Block 2<br>Hong Sing Garden<br>1 Po Lam Road North<br>Tseung Kwan O<br>Kowloon<br>Hong Kong | Chinese |
| Cai Suisheng (蔡穗聲) | Room 1504, No. 7 Dai Yuan,<br>No. 4 Huang Hua Road,<br>Dong Shan District Guangzhou,<br>PRC | Chinese |

## CORPORATE INFORMATION

| | |
|---|---|
| **Registered Office** | Cricket Square, Hutchins Drive<br>PO Box 2681, Grand Cayman<br>KY1-1111, Cayman Islands |
| **Headquarters and principal place of business in the PRC** | Room 2002, Tower B, Logan Century Center<br>Xinghua Road South<br>Bao'An District<br>Shenzhen, China |
| **Principal Place of Business in Hong Kong** | Room 4106-08<br>Two International Finance Centre<br>8 Finance Street<br>Central, Hong Kong |
| **Company's website** | http://www.loganestate.com<br>*(information contained in the website does not form part of this document)* |
| **Company Secretary** | Ms. Li Yan Wing, Rita<br>Level 54, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong |
| **Audit Committee** | Ms. Liu Ka Ying, Rebecca *(Chairman)*<br>Mr. Cai Suisheng<br>Mr. Zhang Huaqiao |
| **Remuneration Committee** | Mr. Zhang Huaqiao *(Chairman)*<br>Mr. Ji Haipeng<br>Ms. Liu Ka Ying, Rebecca |
| **Nomination Committee** | Mr. Ji Haipeng *(Chairman)*<br>Mr. Zhang Huaqiao<br>Ms. Liu Ka Ying, Rebecca |

**The information and statistics set out in this section have been extracted, in part, from various official government publications. None of our Company, the [●], the [●], the [●] and their respective directors, advisors and affiliates have independently verified such information and statistics. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we make no 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. Accordingly, you should not unduly rely on such information.**

## OVERVIEW OF THE PRC ECONOMY

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970s. Such growth was further accelerated by the PRC's accession to the World Trade Organization in 2001. From 2001 to 2008, the PRC's nominal GDP increased at a CAGR of approximately 13.7%. The global financial crisis in late 2008 as well as the subsequent liquidity squeeze and credit crunch caused a worldwide economic slowdown, with the PRC's GDP growth rate slowing in 2008 and 2009. In response, the PRC government introduced a number of economic stimulus measures, alongside similar measures from major developed countries, effectively boosting short-term economic growth in 2010.

Since 2010, global economic growth slowed again on fears that the sovereign debt crisis of certain eurozone countries would deepen. In March 2012, the PRC government cut its nominal GDP growth target to 7.5% for 2012, giving rise to further concerns about the sustainability of PRC economic growth. In January 2013, the National Bureau of Statistics of China announced the GDP expanded 7.9% in the fourth quarter from a year earlier, lifting China's whole year GDP growth rate to 7.8%, slightly higher than the government target of 7.5%.

The table below sets out selected economic statistics for and certain statistics regarding urbanization in the PRC for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 18,494 | 21,631 | 26,581 | 31,405 | 34,090 | 39,798 | 47,288 | 51,932 |
| Real GDP growth rate (%) | 11.3 | 12.7 | 14.2 | 9.6 | 9.2 | 10.4 | 9.3 | 7.8 |
| Per capita GDP (RMB) | 14,185 | 16,500 | 20,169 | 23,708 | 25,608 | 30,015 | 35,181 | N/A |
| Fixed asset investment (RMB billion) | 8,887 | 11,000 | 13,732 | 17,283 | 22,460 | 27,812 | 31,149 | 36,484 |
| Total population (million) | 1,308 | 1,314 | 1,321 | 1,328 | 1,335 | 1,371 | 1,347 | 1,354 |
| Urban population (million) | 562 | 577 | 594 | 607 | 622 | 666 | 691 | 712 |
| Urbanization rate(1) (%) | 43.0 | 43.9 | 44.9 | 45.7 | 46.6 | 49.7 | 51.3 | 52.6 |
| Urban resident per capita disposable net income (RMB) | 10,493 | 11,759 | 13,786 | 15,781 | 17,175 | 19,109 | 21,810 | 24,565 |

*Source:* National Bureau of Statistics of China

*Note:*

(1) Urbanization rate represents urban population as a percentage of total population in China.

## OVERVIEW OF THE PRC PROPERTY MARKET

### *Between 2005 and 2012*

From 2005 to 2012, investment in real estate industry increased from RMB1,591 billion in 2005 to RMB7,180 billion in 2012. According to the National Bureau of Statistics of China, a total of approximately 1,113 million sq.m. of GFA was sold in 2012, representing a substantial increase as compared to the 555 million sq.m. sold in 2005.

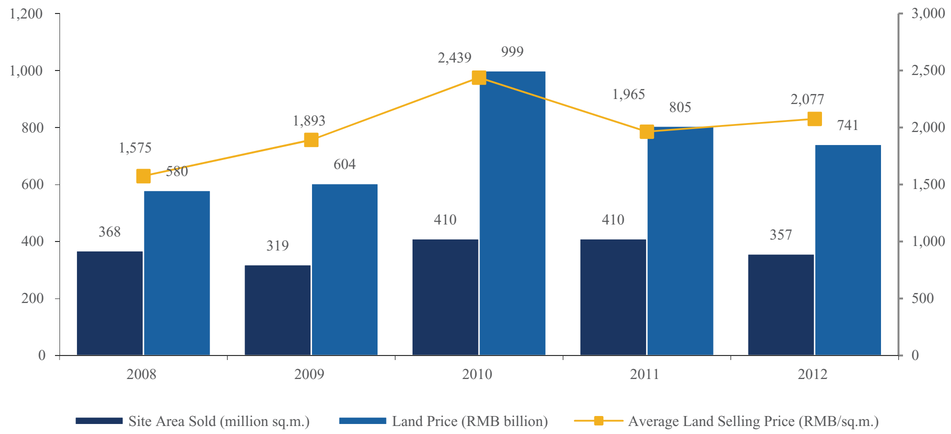
The table below sets forth certain statistics on the property market in the PRC for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Real estate investment (RMB billion) | 1,591 | 1,942 | 2,529 | 3,120 | 3,624 | 4,826 | 6,180 | 7,180 |
| Investment in residential property development (RMB billion) | 1,086 | 1,364 | 1,801 | 2,244 | 2,561 | 3,404 | 4,432 | 4,937 |
| Revenue from property sales (RMB billion) | 176 | 208 | 299 | 251 | 444 | 527 | 591 | N/A |
| **Residential** | | | | | | | | |
| GFA completed (million sq.m.) | 437 | 455 | 498 | 543 | 596 | 634 | 743 | 790 |
| Total GFA sold (million sq.m.) | 496 | 554 | 701 | 593 | 862 | 934 | 965 | 985 |
| ASP (RMB per sq.m.) | 2,937 | 3,119 | 3,645 | 3,576 | 4,459 | 4,725 | 4,993 | N/A |
| **Total** | | | | | | | | |
| GFA completed (million sq.m.) | 534 | 558 | 606 | 665 | 727 | 787 | 926 | 994 |
| GFA sold (million sq.m.) | 555 | 619 | 774 | 660 | 948 | 1,048 | 1,094 | 1,113 |

*Sources:* National Bureau of Statistics of China and China Real Estate Statistics Yearbook 2008, 2010, 2011

### *Recent Developments in the PRC Property Market*

Land prices in the PRC are affected by multiple factors in recent years. Given the global economy recovered in early 2009, the total land sales increased from approximately RMB604 billion to close to approximately RMB1 trillion from 2009 to 2010. On the other hand, the PRC government has been introducing austerity measures since 2009 to regulate the property market and curb housing prices, which led to a decline of average land selling price in 2011. According to the National Bureau of Statistics of China, the average land selling prices were RMB2,439 per sq.m. in 2010, RMB1,965 per sq.m. in 2011 and RMB2,077 per sq.m. in 2012, reflecting a year-on-year growth rate of 28.9%, -19.4% and 5.7%, respectively.




*Source:* National Bureau of Statistics of China

The PRC property market experienced downward pricing pressures in the second half of 2011, as a result of the various policies and measures introduced by the PRC government aiming at "cooling off" the property market. Transaction volumes generally remained subdued in early 2012. According to a report issued by the National Bureau of Statistics of China, the total GFA sold and total property sales in China in the six months ended June 30, 2012 decreased by 10.0% and 5.2%, respectively, as compared with those in the six months ended June 30, 2011. Beginning in the second quarter of 2012 and continuing through the first half of 2013, transaction volumes recovered in the overall PRC property market, due in part to the improving market sentiment in the PRC property market as well as the absence of further major restrictive government policies or measures. According to the National Bureau of Statistics of China, the total GFA sold in the first half of 2013 was 514.3 million sq.m., representing a 28.7% increase from the first half of 2012.

## OVERVIEW OF SELECTED KEY CITIES IN WHICH WE OPERATE

As official information regarding the number and market share of residential property developers in the selected key cities in which we operate is not publically available, we have included the names of property developers which we believe to be our main competitors in the discussion of selected key cities below.

### *Shenzhen*

Shenzhen, China's first special economic zone, has attracted significant foreign direct investment. In 2012, foreign direct investment in Shenzhen amounted to a total of US$6.3 billion. Shenzhen is a major container port and manufacturing center, and is the headquarters of some China's high-tech companies. We believe our main competitors in Shenzhen include China Horoy, Rongjiang Realty (榕江實業), Hongfa Group, Vanke and Jiahe Shengshi (家和盛世).

On July 1, 2010, the Shenzhen special economic zone was expanded from the original area of 396 sq.km. to 1,952 sq.km. Going forward, Shenzhen plans to further develop the cross-border inter-commercial links with Hong Kong, including through the planned Guangzhou-Shenzhen-Hong Kong Express Rail Link.

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Shenzhen for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 495.1 | 581.4 | 680.2 | 778.7 | 820.1 | 958.2 | 1150.2 | 1295.0 |
| Real GDP growth rate (%) | 15.1 | 16.6 | 14.8 | 12.1 | 10.7 | 12.0 | 10.0 | 10.0 |
| Per capita GDP (RMB) | 60,801 | 68,441 | 76,273 | 83,431 | 84,147 | 94,296 | 110,387 | 123,247 |
| Per capita disposable income for urban households (RMB) | 21,494 | 22,567 | 24,301 | 26,729 | 29,245 | 32,381 | 36,505 | 40,742 |
| Retail sales (RMB billion) | 144.2 | 168.0 | 193.1 | 227.7 | 256.8 | 300.1 | 352.1 | 400.9 |
| Retail sales year-on-year (%) | 15.3 | 16.6 | 14.9 | 17.9 | 12.8 | 17.2 | 17.8 | 16.5 |
| Real estate investment (RMB billion) | 42.4 | 46.2 | 46.1 | 44.0 | 43.7 | 45.8 | 59.0 | 73.7 |
| GFA completed ('000 sq.m.) | 7,815 | 6,273 | 5,077 | 5,797 | 4,152 | 3,760 | 2,473 | 2,894 |
| GFA under construction ('000 sq.m.) | 23,436 | 22,927 | 23,029 | 24,877 | 24,902 | 25,100 | 20,899 | 21,076 |
| GFA sold ('000 sq.m.) | 10,198 | 6,862 | 5,003 | 4,136 | 6,603 | 4,138 | N/A | N/A |
| Average price (RMB/sq.m.) | 6,996 | 8,848 | 13,370 | 12,823 | 14,858 | 18,953 | N/A | N/A |

*Source:* Shenzhen Statistics Bureau

***Guangzhou***

Guangzhou is the provincial capital of Guangdong Province. In 2012, Guangzhou was the one of the largest city in China in terms of GDP, with a nominal GDP of RMB1,355.1 billion. Guangzhou had a population of approximately 12.7 million as of December 31, 2011. We believe our main competitors in Guangzhou include Vanke, Poly, Agile, Zhonghui Xiyuan (中惠熙園) and Chuanghong (創榮).

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Guangzhou for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 515.4 | 607.4 | 710.9 | 821.6 | 911.3 | 1074.8 | 1230.3 | 1355.1 |
| Real GDP growth rate (%) | 12.9 | 14.9 | 15.3 | 12.5 | 11.7 | 13.2 | 11.0 | 10.5 |
| Per capita GDP (RMB) | 53,809 | 63,100 | 71,808 | 81,233 | 88,834 | 87,458 | 97,588 | 105,909 |
| Per capita disposable income for urban households (RMB) | 18,287 | 19,851 | 22,469 | 25,317 | 27,610 | 30,658 | 34,438 | 38,054 |
| Retail sales (RMB billion) | 190.6 | 218.3 | 262.4 | 318.7 | 361.6 | 447.6 | 524.3 | 597.7 |
| Retail sales year-on-year (%) | 13.6 | 15.4 | 19.3 | 21.5 | 13.4 | 24.2 | 17.1 | 15.2 |
| Real estate investment (RMB billion) | 50.8 | 55.7 | 70.4 | 76.3 | 81.7 | 98.4 | 130.7 | 137.0 |
| GFA completed ('000 sq.m.) | 12,722 | 7,704 | 7,014 | 7,546 | 7,937 | 7,747 | 8,317 | 8,009 |
| GFA under construction ('000 sq.m.) | 10,644 | 34,272 | 35,944 | 36,876 | 34,533 | 39,838 | 48,481 | 49,176 |

*Source:* Guangzhou Statistics Bureau
*Note: Information on the GFA sold and ASP in Guangzhou is not publically available.*

***Nanning***

Nanning is the provincial capital of Guangxi Province. Nanning is situated at the intersection of the key railways, with a local economy supported mainly by the mineral, agricultural and tourism industries. Nanning had a population of approximately 7.1 million as of December 31, 2012. We believe our main competitors in Nanning include Guangxi Zhengheng Real Estate (廣西正恒房產), Guangxi Ronghe (廣西榮和), Hanlin Real Estate (翰林地產) and Poly.

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Nanning for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 72.3 | 86.2 | 106.3 | 131.6 | 149.2 | 180.0 | 221.2 | 250.4 |
| Real GDP growth rate (%) | 13.2 | 15.1 | 17.1 | 14.5 | 15.0 | 14.2 | 13.5 | 12.3 |
| Per capita GDP (RMB) | 11,047 | 12,947 | 15,685 | 19,142 | 21,479 | 25,624 | 31,173 | 35,138 |
| Per capita disposable income for urban households (RMB) | 9,203 | 10,193 | 11,877 | 14,446 | 16,254 | 18,032 | 20,005 | 22,561 |
| Retail sales (RMB billion) | 37.8 | 43.6 | 51.6 | 63.2 | 75.7 | 90.6 | 107.3 | 125.6 |
| Retail sales year-on-year (%) | 13.8 | 15.2 | 18.4 | 22.5 | 19.8 | 20.0 | 18.5 | 17.0 |
| Real estate investment (RMB billion) | 10.5 | 13.9 | 18.7 | 19.9 | 22.7 | 31.8 | 37.7 | 36.3 |
| GFA completed ('000 sq.m.) | 3,234 | 2,970 | 3,444 | 3,520 | 3,610 | 4,333 | 5,125 | 5,211 |
| GFA under construction ('000 sq.m.) | 11,143 | 13,221 | 16,229 | 16,698 | 19,528 | 23,789 | 36,085 | 27,349 |
| GFA sold ('000 sq.m.) | 3,197 | 4,198 | 5,855 | 4,436 | 6,851 | 5,835 | 6,965 | 5,755 |
| ASP (RMB/sq.m.) | 2,437 | 2,873 | 3,404 | 3,720 | 4,463 | 5,290 | N/A | 5,619 |

*Source:* Nanning Statistics Bureau

***Chengdu***

Chengdu is the provincial capital of Sichuan Province and one of the most important economic and transportation hubs in southwest China. As the largest railway hub in southwest China, Chengdu operates four major railway routes including Chengdu-Chongqing, Chengdu-Baoji, Chengdu-Kunming and Chengdu-Dazhou. We believe our main competitors in Chengdu include Yanlord, Greenland and Chengdu Jinfang Group (成都金房集團).

In 2012, investment in fixed assets in Chengdu increased by 17.7% to RMB589.0 billion from the previous year, the local electronics industry increased by approximately 79.4% to RMB58.3 billion from the previous year and local consumable retailing increased by 16.0% to RMB331.8 billion from the previous year. As of December 31, 2012, Chengdu had a total population of approximately 11.7 million. The property market in Chengdu has grown significantly in recent years as urbanization continues to expand. Total investment in real estate industry increased from RMB45.2 billion in 2005 to RMB189.0 billion in 2012. Since 2010, the PRC government introduced a series of policies and measures to prevent the property market from overheating, the development of residential property was then partially suppressed by those restrictive measures.

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Chengdu for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 237.1 | 275.0 | 332.4 | 390.1 | 450.3 | 555.1 | 695.1 | 813.9 |
| Real GDP growth rate (%) | 13.5 | 13.8 | 15.3 | 12.1 | 14.7 | 15.0 | 15.2 | 13.0 |
| Per capita GDP (RMB) | 22,139 | 25,171 | 30,006 | 34,873 | 39,510 | 41,253 | 48,755 | N/A |
| Per capita disposable income for urban households (RMB) | 11,359 | 12,789 | 14,849 | 16,943 | 18,659 | 19,920 | 23,932 | 27,194 |
| Real estate investment (RMB billion) | 45.2 | 61.4 | 90.5 | 91.3 | 94.5 | 127.8 | 160.0 | 189.0 |
| GFA completed ('000 sq.m.) | 5,977 | 9,592 | 8,853 | 10,265 | 13,771 | 13,012 | N/A | N/A |
| GFA sold ('000 sq.m.) | 11,099 | 14,822 | 20,848 | 13,574 | 25,320 | 22,899 | 23,203 | 24,277 |
| ASP (RMB/sq.m.) | 2,870 | 3,499 | 4,198 | 4,778 | 4,875 | 5,827 | 6,310 | 6,668 |

*Source:* Chengdu Statistics Bureau

### *Shantou*

Shantou is located on the eastern coast of Guangdong Province. Shantou was one of China's original special economic zones and remains a significant manufacturing center and port. Shantou had a population of approximately 5.3 million as of December 31, 2012. We believe our main competitors in Shantou include Xinli Real Estate (欣利地產), Changping Real Estate (長平地產), Liantai Real Estate (聯泰地產), Jinbi Realty (金碧實業) and Xinchao Real Estate (新潮房產).

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Shantou for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 63.6 | 71.9 | 82.9 | 95.2 | 103.6 | 120.9 | 140.3 | 141.5 |
| Real GDP growth rate (%) | 11.3 | 11.6 | 13.0 | 10.5 | 10.7 | 13.9 | 12.2 | 9.5 |
| Per capita GDP (RMB) | 12,883 | 14,459 | 16,483 | 18,634 | 19,982 | 22,776 | 25,958 | 26,047 |
| Per capita disposable income for urban households (RMB) | 10,630 | 10,960 | 11,716 | 12,542 | 13,651 | 15,179 | 17,474 | 20,023 |
| GFA completed ('000 sq.m.) | 1,094 | 1,233 | 1,268 | 1,027 | 1,238 | 881 | N/A | 1,632 |
| GFA under construction ('000 sq.m.) | 2,820 | 3,828 | 4,423 | 3,821 | 4,034 | 4,743 | N/A | 6,809 |
| GFA sold ('000 sq.m.) | 1,295 | 1,447 | 1,508 | 1,173 | 1,100 | 1,494 | 1,441 | 1,698 |
| ASP (RMB/sq.m.) | 2,394 | 2,519 | 3,061 | 3,120 | 3,504 | 4,145 | 4,757 | 5,878 |

*Source:* Shantou Statistics Bureau

### *Huizhou*

Huizhou is located in southeastern Guangdong Province. Huizhou's main industries include electronics and petrochemicals. The city is also a significant port in the Pearl River Delta region. Huizhou had a population of approximately 4.7 million as of December 31, 2012. We believe our main competitors in Huizhou include Hopson, Wongtee Group, Zhonglian Real Estate (中聯地產), Hongxin Realty (宏新實業) and Centralcon Group, Excellence Group and Dezhou Investment (德州投資).

The table below sets forth certain economic statistics for Huizhou for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 80.4 | 92.9 | 111.8 | 130.4 | 141.5 | 173.0 | 209.7 | 236.8 |
| Real GDP growth rate (%) | 15.8 | 16.3 | 17.4 | 11.5 | 13.2 | 18.0 | 14.6 | 12.6 |
| Per capita GDP (RMB) | 21,911 | 24,996 | 28,945 | 33,077 | 35,819 | N/A | N/A | 50,884 |
| Per capita disposable income for urban households (RMB) | 14,884 | 15,991 | 17,310 | 19,481 | 21,278 | 23,565 | 26,609 | 29,965 |
| Retail sales (RMB billion) | 25.2 | 29.7 | 35.4 | 42.3 | 49.1 | 58.3 | 68.5 | 75.4 |
| Retail sales year-on-year (%) | 18.0 | 18.2 | 19.1 | 19.6 | 15.1 | 19.0 | 18.2 | 15.5 |
| Real estate investment (RMB billion) | 4.4 | 6.8 | 13.8 | 18.7 | 17.5 | 26.8 | 37.8 | 48.2 |

*Source:* Huizhou Statistics Bureau

### *Dongguan*

Located in south-central Guangdong Province and east of the Pearl River Delta, Dongguan is bordered by Guangzhou to the northwest and Shenzhen to the south. Dongguan is the meeting point of numerous railways including the Guangzhou-Shenzhen express railway and the Beijing-Kowloon railway. Dongguan Railway Station handles border control for passenger trains traveling between Hong Kong and the PRC. Dongguan had a population of 8.3 million as of December 31, 2012. We believe our main competitors in Dongguan includes Vanke, Citic and Cinese Group.

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Dongguan for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 218.3 | 262.8 | 316.0 | 370.4 | 376.4 | 424.6 | 473.5 | 501.0 |
| Real GDP growth rate (%) | 19.5 | 19.2 | 18.3 | 14.0 | 5.3 | 10.3 | 8.0 | 6.1 |
| Per capita GDP (RMB) | 33,287 | 39,173 | 45,051 | 50,471 | 48,988 | 52,798 | 57,470 | 60,556 |
| Per capita disposable income for urban households (RMB) | 22,882 | 25,320 | 27,025 | 30,275 | 33,045 | 36,350 | 39,513 | 42,944 |
| Retail sales (RMB billion) | 50.6 | 59.9 | 72.2 | 88.1 | 95.9 | 110.8 | 126.6 | 135.4 |
| Retail sales year-on-year (%) | 18.7 | 18.4 | 20.5 | 22.0 | 8.8 | 15.9 | 15.0 | 9.3 |
| Real estate investment (RMB billion) | 14.4 | 16.4 | 20.9 | 27.1 | 27.8 | 29.9 | 37.4 | 37.7 |
| GFA completed ('000 sq.m.) | 1,152 | 1,141 | 1,119 | 3,952 | 2,681 | 2,561 | N/A | N/A |
| GFA under construction ('000 sq.m.) | 8,899 | 12,294 | 13,710 | N/A | 20,501 | 16,866 | N/A | N/A |
| GFA sold ('000 sq.m.) | 2,972 | 3,530 | 5,411 | 4,680 | 5,788 | 4,699 | N/A | 5,834 |

*Sources:* Dongguan Statistics Bureau, Guangdong Statistics Bureau

### *Foshan*

Foshan is located in central Guangdong Province, to the southwest of Guangzhou. Foshan is a significant manufacturing center in the Pearl River Delta region. Foshan had a population of approximately 7.3 million as of December 31, 2012. We believe our main competitors in Foshan include Poly and Country Garden.

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Foshan for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 238.0 | 298.4 | 366.0 | 437.8 | 482.1 | 565.1 | 658.0 | 670.9 |
| Real GDP growth rate (%) | 19.2 | 19.3 | 19.2 | 15.2 | 13.5 | 14.3 | 12.1 | 8.2 |
| Per capita GDP (RMB) | 41,031 | 50,207 | 60,917 | 72,975 | 80,579 | 78,503 | 91,001 | N/A |
| Per capita disposable income for urban households (RMB) | 17,424 | 18,894 | 21,754 | 22,494 | 24,578 | 27,245 | 30,718 | 34,580 |
| GFA completed ('000 sq.m.) | | | | 3,035 | 2,045 | 5,043 | N/A | N/A |
| GFA under construction ('000 sq.m.) | | | | 18,600 | 17,360 | 25,593 | 28,722 | 29,531 |
| GFA sold ('000 sq.m.) | | | | 4,770 | 7,112 | 7,763 | N/A | N/A |
| ASP (RMB/sq.m.) | | | | 5,435 | 6,204 | 7,648 | N/A | N/A |

*Source:* Foshan Statistics Bureau

### *Lingshui*

Lingshui is located in southeastern Hainan Province, to the northeast of Sanya. Lingshui has emerged as a popular tourist destination. Lingshui had a population of approximately 0.3 million as of November 1, 2010. We believe our main competitors in Lingshui include Greentown China, Agile and Citic.

The table below sets forth certain economic statistics for Lingshui for the years indicated:

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 2.4 | 3.1 | 3.7 | 5.0 | 6.2 |
| Real GDP growth rate (%) | 15.0 | 16.1 | 18.1 | 18.4 | 13.6 |
| Per capita GDP (RMB) | 7,552 | 9,394 | 11,370 | 14,890 | N/A |
| Per capita disposable income for urban households (RMB) | 7,534 | 9,039 | 10,483 | 12,390 | 15,110 |
| Retail sales (RMB billion) | 0.3 | 0.4 | 0.6 | 0.7 | 0.9 |
| Retail sales year-on-year (%) | 16.9 | 23.9 | 19.5 | 15.3 | 16.1 |

*Source:* Lingshui Statistics Bureau

### *Zhongshan*

Zhongshan is located in southern Guangdong Province, near Zhuhai and Macau. Zhongshan had a population of approximately 3.2 million as of December 31, 2012. We believe our main competitors in Zhongshan include Zhongao Real Estate (中澳房產) and Huiqiao Real Estate (匯喬).

The table below sets forth certain economic statistics for and key statistics related to the residential property market in Zhongshan for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 88.6 | 105.4 | 126.8 | 145.7 | 156.6 | 185.1 | 219.1 | 241.1 |
| Real GDP growth rate (%) | 20.9 | 17.3 | 16.6 | 11.1 | 10.2 | 13.9 | 13.0 | 11.0 |
| Per capita GDP (RMB) | 36,435 | 42,286 | 48,441 | 52,921 | 54,156 | 60,767 | N/A | 77,527 |
| Per capita disposable income for urban households (RMB) | 17,255 | 18,897 | 20,317 | 21,560 | 23,088 | 25,357 | 27,700 | 31,130 |
| Retail sales (RMB billion) | 27.7 | 33.2 | 39.8 | 48.0 | 65.0 | 64.8 | 75.6 | 80.9 |
| Retail sales year-on-year (%) | 17.9 | 19.7 | 19.5 | 20.5 | 14.5 | 18.2 | 16.9 | 10.3 |
| Real estate investment (RMB billion) | 8.1 | 11.0 | 17.6 | 19.2 | 19.2 | 24.2 | 31.0 | 34.6 |
| GFA completed ('000 sq.m.) | 2,515 | 2,511 | 2,723 | 2,671 | 3,412 | 3,988 | N/A | N/A |
| GFA under construction ('000 sq.m.) | 6,334 | 8,099 | 12,652 | 14,748 | 14,836 | 8,564 | N/A | N/A |
| GFA sold ('000 sq.m.) | 2,556 | 3,431 | 4,654 | 2,853 | 5,181 | 6,066 | N/A | N/A |
| ASP (RMB/sq.m.) | 2,694 | 2,932 | 3,940 | 4,273 | 4,546 | 5,147 | N/A | N/A |

*Source:* Zhongshan Statistics Bureau

### *Zhuhai*

Zhuhai is one of China's special economic zones and is situated immediately to the north and west of Macau. Zhuhai had a population of approximately 1.6 million as of December 31, 2012. We believe our main competitors in Zhuhai include Yanlord, Gemdale and Zhongzhu Real Estate (中珠房產).

The table below sets forth certain economic statistics for Zhuhai and key statistics related to the residential property market in Zhuhai for the years indicated:

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP (RMB billion) | 63.5 | 74.6 | 89.5 | 99.7 | 103.9 | 120.9 | 140.5 | 150.4 |
| Real GDP growth rate (%) | 13.1 | 16.1 | 17.0 | 9.2 | 6.6 | 12.9 | 11.3 | 7.0 |
| Per capita GDP (RMB) | 45,320 | 52,189 | 61,303 | 66,798 | 68,042 | 77,888 | N/A | N/A |
| Per capita disposable income for urban households (RMB) | 18,908 | 17,671 | 19,290 | 20,949 | 22,859 | 25,382 | 28,731 | 32,978 |
| Retail sales (RMB billion) | 22.0 | 25.6 | 30.2 | 36.0 | 40.4 | 48.6 | 56.8 | 63.5 |
| Retail sales year-on-year (%) | 16.4 | 16.1 | 18.0 | 19.4 | 12.3 | 20.5 | 18.1 | 12.7 |
| Real estate investment (RMB billion) | 5.1 | 6.6 | 13.3 | 15.2 | 16.8 | 18.0 | 25.7 | 24.2 |
| GFA completed ('000 sq.m.) | | | 2,390 | 3,402 | 3,104 | 1,719 | 2,753 | 3,292 |
| GFA under construction ('000 sq.m.) | | | 7,553 | 9,563 | 8,906 | 9,174 | 11,999 | 13,152 |
| GFA sold ('000 sq.m.) | | | 3,163 | 1,600 | 2,719 | 2,335 | 2,099 | 2,307 |
| ASP (RMB/sq.m.) | | | 6,454 | 6,921 | 7,485 | 10,693 | 11,679 | N/A |

*Source:* Zhuhai Statistics Bureau

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

- Establishment of property development enterprises;
- Foreign-invested property development enterprises;
- Qualifications of property developers;
- Development of property projects;
- Property transactions;
- Property financing;
- Insurance of property projects;
- Major taxes applicable to property developers;
- Measures on stabilizing housing prices;
- Environmental protection;
- Overseas listing; and
- Foreign exchange control.

## ESTABLISHMENT OF PROPERTY DEVELOPMENT ENTERPRISES

Pursuant to the Urban Property Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (Decree No.72 of the President) (the "Urban Property Law") promulgated by the Standing Committee of the National People's Congress on July 5, 1994, which became effective on January 1, 1995 and was amended on August 30, 2007 and August 27, 2009, a property development enterprise (or "property developer"), is defined as an enterprise which engages in development and sales of property for the purpose of making profit.

Pursuant to the Regulations on Administration of Development of Urban Property (《城市房地產開發經營管理條例》) (Decree No.248 of the State Council) ("Development Regulations") promulgated by the State Council, which became effective on July 20, 1998, an enterprise which is to engage in the development of property shall satisfy the following requirements:

- it shall have registered capital no less than RMB1,000,000; and
- it shall have at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold the relevant qualification certificate.

Pursuant to the Development Regulations, the local people's government of a province, autonomous region and/or provincial-level municipality may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a property developer.

Pursuant to the Development Regulations, application for registration shall be submitted to the department of administration for industry and commerce for the establishment of a property development enterprise. The property developer must file for record with the property development authority in the location of the registration authority, within 30 days of the receipt of its business license.

Pursuant to the Notice on Adjusting the Capital Ratio for Fixed Asset Investment Projects 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》) (Guofa [2004] No.13) issued by the State Council, which became effective on April 26, 2004, the minimum capital ratio for property development projects (excluding affordable housing projects) was increased from 20% or above to 35% or above.

Pursuant to the Notice of the State Council on Adjusting the Capital Ratio for 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》) (Guofa [2009] No.27), issued by the State Council, which became effective on May 25, 2009, the minimum capital ratio for ordinary commodity housing projects and affordable housing projects was reduced to 20%, while that for other property projects was decreased to 30%.

## FOREIGN-INVESTED PROPERTY DEVELOPMENT ENTERPRISES

Pursuant to the new Foreign Investment Industrial Guidance Catalog (2007 Revision) (《外商投資產業指導目錄(2007年修訂)》) (Decree No.57 of NDRC and MOFCOM) jointly promulgated by MOFCOM and NDRC on October 31, 2007, which became effective on December 1, 2007, the development and construction of ordinary residential houses was removed from the category of industries in which foreign investment is encouraged to the category of industries in which foreign investment is permitted. In addition, the category of industries in which foreign investment is subject to restrictions (the "restricted category") has been adjusted as follows:

- the development of large-scale land, which shall be operated only by Sino-foreign joint ventures or Sino-foreign cooperative ventures;
- the construction and operation of upscale hotels, villas, premium office buildings and international conference centers; and
- the secondary property market and housing agents or brokerages.

The construction and operation of large scale theme parks was removed from the property industry to the culture, sports and entertainment industries, which are still in the restricted category.

Pursuant to the new Foreign Investment Industrial Guidance Catalog (2011 Revision) (《外商投資產業指導目錄(2011年修訂)》) (Decree No.12 of NDRC and MOFCOM) jointly promulgated by MOFCOM and NDRC on December 24, 2011, which became effective on January 30, 2012, the development and construction of villas was removed from the restricted category to the category of industries in which foreign investment is prohibited (the "prohibited category"), and the restricted category has been adjusted as the following:

- the development of large scale of land lots which shall be operated only by Sino-foreign joint venture or Sino-foreign co-operative venture;
- the construction and operation of upscale hotels, premium office buildings and international conference centers; and
- the secondary property market and housing agents or brokerages.

Pursuant to the Circular on Standardizing the Admittance and Administration of Foreign Capital in the Property Market (《關於規範房地產市場外資准入和管理的意見》) (Jianzhufang [2006] No.171) jointly promulgated and implemented by MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE on

July 11, 2006, the admittance and administration of foreign capital in the property market must comply with the following requirements:

- an overseas institution or individual shall, when investing in China to purchase any not-for-self-use property, abide by the principles of commercial presence and apply, according to the relevant provisions on foreign investment in property, to establish a foreign investment enterprise and may, upon obtaining the approval of the relevant department as well as completing the relevant registration, engage in the relevant operation according to its approved business scope;

- an overseas investor that has not obtained an approval certificate of foreign-invested enterprises or a business license shall not engage in any development or operation of property;

- as to a foreign-invested property enterprise with an investment amount of at least RMB10 million, its registered capital shall not be less than 50% its investment amount. Where the total investment is less than RMB10 million, its registered capital shall be governed by the existing provisions;

- as to the establishment of a foreign-invested property enterprise, MOFCOM or relevant local counter-parts and SAIC or relevant local counter-parts shall grant an approval for establishment according to law, handle the relevant formalities for registration and issue a one-year term approval certificate of foreign-invested enterprises and business license. Where an enterprise fully contributes its transfer fee of the right to land use, it can, upon the strength of the aforesaid certificates, go to the administrative department of land to apply for a use certificate of state-owned land and may obtain an official approval certificate of foreign-invested enterprises in the MOFCOM or relevant local counter-parts on strength of the said use certificate of state-owned land and thereafter, obtain a business license with a term the same as the approval certificate of foreign-invested enterprises and then go through registration in the taxation authority; and

- the transfer of shares in and projects of foreign-invested property enterprises as well as the acquisition of domestic property enterprises by overseas investors shall be subject to the examination and approval of MOFCOM or relevant local counterparts, among others, in strict accordance with the relevant laws and regulations. An investor shall submit the guarantee letters for performance of the contract on the transfer of state-owned land use right, the license for the planning of construction land and the license for the planning of construction projects and the use certificate of state-owned land, certification on the alteration of archival files in the administrative department of construction (property) as well as the relevant certification materials of tax return as produced by the taxation authority.

Pursuant to the Circular of the General Office of the Ministry of Commerce on Relevant Issues Concerning the Implementation of the Opinions Concerning Regulating the Access to and Administration of Foreign Investment in the Property Market (《商務部辦公室關於貫徹落實《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》) jointly promulgated and implemented by MOFCOM on August 14, 2006, where the amount of investment of a property enterprise established by foreign investment is not less than US$10 million, its registered capital shall not be less than 50% of its amount of investment; if the investment amount is more than US$3 million but less than US$10 million, its registered capital shall not be less than 50% of its amount of investment; if the investment amount is not more than US$3 million, its registered capital shall not be less than 70% of its amount of investment. Where an overseas investor merges domestic property enterprises through equity transfer or any other means, it shall make appropriate arrangements for the relevant employees, settle the bank debts and pay the transfer fee with its self-owned capital in a one-off manner within three months as of the day the business license of the foreign-invested enterprise was issued. Where an overseas investor acquires the equities of the Chinese party of a foreign-invested property enterprise, it shall make appropriate arrangements for the relevant employees, settle the bank debts and pay the transfer fee with its self-owned capital in a one-off manner within three months as of the day the equity transfer agreement came into force.

The Notice Concerning Further Strengthening and Regulating the Examination, Approval and Supervision of Direct Foreign Investment in Property (《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》) (Shangzihan [2007] No. 50) jointly issued and implemented by MOFCOM and SAFE on May 23, 2007, provides stricter control measures, among other things, as follows:

- foreign investment in the property sector in the PRC relating to upscale properties should be strictly controlled;
- an applicant for establishing a property company shall acquire the land use right or the ownership of real property or building, or conclude a contract on the advance assignment/ purchase of the land use right or building property right with the relevant administrative department of land, land developer or owner of the building property right. The examining and approving organ may not approve the application of any applicant that fails to satisfy the above-mentioned requirement;
- where an established foreign-invested enterprise intends to enter the property development or operation business or where a foreign-invested property enterprise intends to engage in a new property development or operation project, it shall apply to the examining and approving organ for extending its business scope or enlarging its business scale in accordance with the relevant laws and regulations governing foreign investment;
- the merger of or investment in domestic property enterprises by way of return on investment (including the same actual controller) shall be placed under strict control. No overseas investor may avoid subjecting its foreign investment in the property industry to examination and approval by means of changing the actual controller of any domestic property enterprise. Where the administrative department of foreign exchange discovers that any foreign-invested property enterprise is illegally established through illegal means as malicious evasion or false statement, the department shall investigate its activities involving the illegal outward remittance of capital and income therefrom and subject it to the liabilities for obtaining foreign currency under false pretenses and not turning over foreign currency owed to the government;
- overseas investors engaging in the property development or operation business in China shall observe the principle of commercial presence, apply for establishing foreign-invested property enterprises according to law and engage in the relevant business within the authorized business scope. Neither the Chinese party nor the foreign party of any foreign-invested property enterprise may enter into any clause directly or indirectly ensuring a fixed return for either party;
- local examining and approving organs shall file the approval of the establishment of foreign-invested property enterprises with MOFCOM for record in a timely manner according to law;

- no administrative department of foreign exchange or designated bank of foreign exchange may handle formalities for the sales and settlement of foreign exchange under the capital account for any foreign-invested property enterprise that fails to go through the formalities for filing with the MOFCOM for record or failing to pass the annual joint inspection on foreign-invested enterprises; and
- where any local examining and approving department illegally approves the establishment of any foreign-invested property enterprise, the MOFCOM shall find out the violation and give punishment accordingly to correct it. No administrative department of foreign exchange may handle formalities for foreign exchange registration for any illegally established foreign-invested property enterprise.

Pursuant to the Notice on Proper Handling of Archival Documents for Foreign Investment in the Property Industry (《商務部關於做好外商投資房地產業備案工作的通知》) (Shangzihan [2008] No. 23) issued by MOFCOM on June 18, 2008, the competent departments of commerce at the provincial level are authorized to verify the materials for archiving as submitted by the foreign-invested property enterprise, and MOFCOM together with other departments of the State Council shall conduct spot-checks over the above enterprises.

Pursuant to the Several Opinions on the Sound Development of the Property 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》) (Guobanfa [2008] No.131) promulgated by the General Office of the State Council on December 20, 2008, in order to speed up the development of social security housing, encourage purchases of properties for self-use, and direct property developers to actively cope with the changing market, the following measures will be adopted to facilitate the development of property developers:

- increasing credit financing support to ordinary residential housing developments of low to medium level prices or of small to medium sizes, particularly those under construction;
- providing financial support and other related services to property developers with good credit standing for their merger and acquisition activities;
- developing pilot housing provident fund and providing various funding channels;
- supporting bond issuances by property developers with good credit and financial positions; and
- eliminating urban property tax, and unifying the property taxes applicable to domestic and foreign-invested enterprises and individuals, who will all be subject to the PRC Tentative Regulations on Property Tax (《中華人民共和國房產稅暫行條例》).

Pursuant to the Several Opinions of the State Council for Further Improving the Utilization of Foreign Investment (《國務院關於進一步做好利用外資工作的若干意見》) (Guofa [2010] No. 9) issued by the State Council on April 6, 2010 and the Circular of NDRC on Authorization for the Review and Approval of Foreign-invested Projects (《國家發展改革委關於做好外商投資項目下放核准權限工作的通知》) (Fagaiwaizi [2010] No.914) issued by NDRC on May 4, 2010, foreign-invested projects with a total investment not exceeding US$300 million within the encouraged or permitted category, other than those requiring the approval of relevant authorities under the State Council according to the Foreign Investment Industrial Guidance Catalog (《外商投資產業指導目錄》), may be examined and approved by the competent authorities of NDRC at the provincial level. Pursuant to the Circular on Issues Concerning the Authorization for the Review and Approval of Foreign Investment

(《關於下放外商投資審批權限有關問題的通知》) (Shangzifa [2010] No.209) promulgated by MOFCOM on June 10, 2010, the establishment and change of registration of foreign-invested enterprises with a total investment not exceeding US$300 million within the encouraged or permitted category, and with a total investment of no more than US$50 million within the restricted category may be examined and approved by the competent authorities of MOFCOM at the provincial level.

As advised by our PRC legal advisor, Haiwen & Partners, given that Shenzhen Youkaisi, our wholly owned subsidiary and a foreign-investment enterprise, does not operate property development, and all our other subsidiaries in the PRC are not foreign-invested enterprises, the property laws and regulations in relation to foreign-invested enterprises are not applicable to us.

## QUALIFICATIONS OF PROPERTY DEVELOPERS

### *Classification and Assessment of the Qualifications of Property Development Enterprises*

Pursuant to the Development Regulations, a property developer must file for record its establishment to the property development authority in the location of the registration authority within 30 days after receiving its business license. The property development authority shall assess the qualifications of the property developer based on its assets, professional personnel and development and operational records. A property development enterprise shall only engage in property development projects in compliance with its approved qualification.

Pursuant to the Provisions on Administration of Qualifications of Property developers ("Provisions on Administration of Qualifications") (《房地產開發企業資質管理規定》) promulgated by MOHURD, which came into effect on March 29, 2000, a property developer shall apply for registration of its qualifications according to the Provisions on Administration of Qualifications. An enterprise may not engage in the development and operation of property without a qualification classification certificate for property development. In accordance with the Provisions on Administration of Qualifications, qualifications of property development enterprises are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by the corresponding authorities. After a newly established property developer reports its establishment to the property development authority, the latter shall issue a provisional qualification certificate to an eligible property developer within 30 days of receipt of the report. The provisional qualification certificate shall be effective for one year from the date of its issuance. The property development authority can extend the validity period for not more than two years after considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the property development authority within one month before the expiry of the provisional qualification certificate.

### *Business Scope of Property Developers*

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

***Annual Qualification Review of Property Developers***

Pursuant to Provisions on Administration of Qualifications, the qualifications of property developers should be annually reviewed. The construction authority under the State Council or the entrusted institution is responsible for carrying out the annual review of class 1 property developers' qualifications. Procedures for the annual review of the qualifications of property developers of class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

## DEVELOPMENT OF PROPERTY PROJECTS

***Land for Property Development***

The Provisional Regulations on the Grant and Transfer of Right to Use State-owned Land in Urban Areas of the PRC (《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》) (Decree No.55 of the State Council) ("Provisional Regulations on Grant and Transfer"), promulgated and implemented by the State Council on May 19, 1990, adopted a system of granting and transferring the rights to use state-owned land. Pursuant to these regulations, the PRC government, in accordance with the principle of land ownership being separate from land use rights, implemented a system whereby the right to use state-owned land in urban areas may be assigned and transferred, with the exclusion of underground resources, objects buried underground, and public works. The term "state-owned land in urban areas" as used in the preceding paragraph refers to land owned by the public within the limits of cities, county sites, administrative towns and industrial and mining areas. The assignment of land use rights refers to the act of the PRC government as the owner of the land who, with a term of a certain number of years, assigns the right to use the land to land users, who shall in turn pay fees for the assignment thereof to the PRC government. An assignment contract shall be signed for assignment of the land use rights. The maximum term with respect to the assigned land use rights shall be determined based on type of use as listed below:

- 70 years for residential purposes;
- 50 years for industrial purposes;
- 50 years for the purposes of education, science, culture, public health and physical education;
- 40 years for commercial, tourist and recreational purposes; and
- 50 years for comprehensive utilization or other purposes.

Pursuant to the Provisional Regulations on Grant and Transfer, the land user shall, within 60 days of the signing of the land use right grant contract, pay the total amount of the assignment fee thereof, failing which, the assigning party shall have the right to terminate the contract and may claim compensation for breach of contract. After paying the total fee for the assignment of the land use right, the land user shall, in accordance with the relevant provisions, register the land use right, obtain the land use rights certificate and accordingly the right to the use of the land.

Pursuant to the Notice on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use for Construction Projects in Urban Areas (《關於加強城市建設用地審查報批工作有關問題的通知》) (Guotuzifa [2003] No.345) ("Land Use Approval Notice") issued by the Ministry of Land and Resources on September 4, 2003, commencing from the date of the issuance of the Land Use Approval Notice, land use for luxury commodity houses shall be stringently controlled, and applications for land use for building villas shall be restricted. From the date of the issuance of this notice, with respect to land use for construction projects submitted to the State Council for approval and relating to land for property development, a written statement regarding the status of utilization of the approved land for property development, and supply and demand information of the relevant city's property market, property prices and vacancy rates shall be made.

Pursuant to the Urgent Notice of Further Strengthening the Administration of the Land (《關於當前進一步從嚴土地管理的緊急通知》) issued by the Ministry of Land and Resources on May 30, 2006, land for property development must be granted by way of public tender, auction or listing-for-sale. The restrictions on land supply for villa development should be strictly enforced and all supply of land for such purpose and handling of related land use procedures shall be suspended from the date of the notice. Property developers which have not fully paid land premium and other relevant fees shall not been be granted land use rights certificates. For the purpose of preventing financial risk, the administration of registration of land use right mortgages shall be strengthened.

The Notice on Strengthening the Administration of Idle Land promulgated by the Ministry of Land and Resources on September 8, 2007 (《關於加大閒置土地處置力度的通知》) (Guotuzidianfa [2007] No.36) provides that land use rights certificates shall not be issued before the land grant premium has been paid in full, nor be issued separately according to the ratio of payment of land grant premium.

The Regulation on Bidding, Auction and Listing-for-Sale for the Granting of State-Owned Construction Land (《招標拍賣掛牌出讓國有建設用地使用權規定》) promulgated by the Ministry of Land and Resources on September 28, 2007, which became effective on November 1, 2007, provides that:

- with respect to land for industrial, commercial, tourism, entertainment, commodity housing or other business operations, or on which there are two or more intended land users, the assignment thereof shall be conducted through public tender, auction or listing-for-sale. Land for industrial use includes the land for storage but excludes the land for mining;
- a grantee shall not apply for land registration or be granted the certificate of state-owned construction land use right until it has paid the land premium in full in accordance with the land use right grant contract;
- a grantor shall, at least 20 days before bid invitation, auction or quotation, release the announcement on public tender, auction or listing-for-sale at the tangible land market or at the designated place or mass media, and announce the basic conditions about the land for the assignment through public tender, auction or listing-for-sale as well as the time and place for public tender, auction or listing-for-sale;
- after a successful grantee is determined through public tender, auction or listing-for-sale, the bidding deposit paid by such grantee shall be used as the earnest money for land assignment. The grantor shall send out a notice of successful bid to the successful grantee or conclude a transaction confirmation letter with such grantee; and
- a grantee of a public tender, auction or listing-for-sale shall conclude a contract on the assignment of state-owned construction land use right with the grantor at the time stipulated in the notice of successful bid or transaction confirmation letter. The deposit for bidding or competitive purchase as paid by a winner of bidding, auction or quotation shall be taken as the land assignment fee. The deposits as submitted by other bidders or competitive buyers shall be refunded by the grantor within five working days upon conclusion of public tender, auction or listing-for-sale, without interest.

Pursuant to the Notice on Issues Regarding Further Increasing Supply and Strengthening Control of Lands for Property Development (《關於加強房地產用地供應和監管有關問題的通知》) (Guotuzifa [2010] No.34) promulgated by the Ministry of Land and Resources on March 8, 2010, at least 70% of total land supply must be reserved for economically affordable housing, redevelopment of shanty towns and small to medium-sized residential units for self-use while land supply for large residential units will be strictly controlled and no land shall be provided for villa projects. The land premium must not less than 70% of the standard land premium of the applicable category of land and the bid deposit paid by the property developer must not less than 20% of the minimum land premium. The land grant contract must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium will be 50% and must be paid within one month after the execution of the land grant contract. The remainder of the land premium must be paid in accordance with the agreement within one year. If the land grant contract is not executed in accordance with the requirements above, the land will not be handed over and the deposit will not be returned. If no land premium is paid after the execution of the land grant contract, the land must be withdrawn.

Pursuant to the Notice on Further Strengthening the Control and Regulation of Land and Construction Project of Property Development (《關於進一步加強房地產用地和建設管理調控的通知》) (Guotuzifa [2010] No.151) jointly promulgated by the Ministry of Land and Resources and the MOHURD on September 21, 2010, standard average floor area and structure proportion of ordinary residential housing developments of small to medium sizes shall be expressly specified. The notice also strictly limits the development and construction of low-density and large-size residential projects, and requires that the plot ratio of residential projects shall be more than one. The Ministry of Land and Resources requires that other than providing valid identity certificates and deposits for bidding, participants of auctions and listings-for-sale of land shall provide a commitment letter pledging that such deposit was not funded by means of a bank loan, shareholder loan, re-lending or raised funds, as well as a credit certificate issued by a commercial bank.

***Resettlement***

The Notice on Controlling the Scale of Demolition and Removal and Strengthening Administration of Demolition and Removal (《關於控制城鎮房屋拆遷規模嚴格拆遷管理的通知》) (Guobanfa [2004] No.46) issued by the General Office of the State Council on June 6, 2004 addresses issues including, but not limited to, the following: (i) the area of demolition and removal shall be strictly controlled to ensure that the total area of demolition and removal is less than that of the previous year; (ii) stringent procedures of demolition and removal will be implemented so that the process is carried out in an open, fair and just manner; (iii) the supervision and administration of the compensation costs incurred for the demolition and removal shall be strengthened to ensure the completion of the relocation; and (iv) stricter punishment shall be imposed on illegal actions in relation to demolition and removal.

Pursuant to the Regulation on Expropriation of and Compensation for Buildings on State-owned Land (《國有土地上房屋徵收與補償條例》) (Decree No.590 of the State Council) promulgated by the State Council on January 21, 2011 ("Expropriation and Compensation Regulation"), compensation shall be paid before the resettlement. The entity responsible for expropriation shall enter into a compensation agreement with the affected residents, which shall contain the method, amount and payment period of compensation, the location and size of housing where the residents are to be resettled, costs of removal, temporary settlement subsidy or temporary housing, loss caused by production or business suspension, relocation period, method and period of transition and other relevant matters. After entering into the agreement, either party may initiate proceedings according to the relevant law if another party fails to fulfill their obligations prescribed in the compensation agreement. If the entity responsible for expropriation and the affected residents fail to reach an agreement within the specified period according to the expropriation and compensation proposal, or if the title ownership of the housing to be expropriated is uncertain, the entity responsible for expropriation may report to the people's government of the relevant city or county which made the expropriation decision to determine the compensation in accordance with the compensation proposal pursuant to the Expropriation and Compensation Regulation, and a relevant announcement shall be made within the area of the buildings to be expropriated. The entity responsible for expropriation shall file the expropriation and compensation for record, and post an announcement regarding the compensation payable to each housing unit within the area of the buildings being expropriated.

***Idle Land***

Pursuant to the Measures for the Disposal of Idle Land (《閒置土地處置辦法》) (Decree No.53 of Ministry of Land and Resources) promulgated by Ministry of Land and Resources on April 28, 1999 and was amended on June 1, 2012, which became effective on July 1, 2012, "idle land" shall mean any state-owned land for construction use, of which the holder of the land use right fails to begin construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of state-owned land for construction use, or the decision on allocation of state-owned land for construction use. Any state-owned land for construction use of which the construction and development has been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25% of the total investment, or the construction and development of which has been suspended for more than one year, may also be regarded as idle land. Except where the delay in the commencement of the construction and development of a plot of state-owned land for construction use is caused by acts of any government or government department, a plot of idle land shall be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government at the same level, issue a decision on collecting charges for idle land to the holder of the right to use the land and collect the charges for idle land at the rate of 20% of the land premium or transfer price; the said charges for idle land shall not be included in the production cost by the holder of the land use right; and
- where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government having the jurisdiction to approve thereof, issue a decision on taking back the right to use the state-owned land for construction use to the holder of the right to use the land and take back the land use right without compensation in accordance with the provisions of Article 37 of the Land Administration Law of the PRC and Article 26 of the Law of the PRC on the Administration of Urban Property; if any mortgage is created on the idle land, a copy thereof shall be sent to each mortgagee thereof.

***Planning of Property Projects***

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) enacted by the Standing Committee of the National People's Congress on October 28, 2007, which came into force as of January 1, 2008, to build any structure, fixture, road, pipeline or other engineering project within a city or town planning area, the construction entity or individual shall apply to the competent department of urban and rural planning under the people's government of the city or county or the town people's government specified by the people's government of the province, autonomous region or municipality directly under the PRC government for a construction work planning permit.

In addition, to apply for a construction work planning permit, the relevant documentary evidence on land use, the engineering design plan of the project as well as other related documents shall be submitted. If the project requires a site detailed planning, such planning shall also be submitted. If the project satisfies the regulatory detailed planning and the planning requirements, the competent department of urban and rural planning under the people's government of the city or county or the town people's government specified by the people's government of the province, autonomous region or municipality directly under the PRC government shall issue a construction work planning permit. If a construction project begins without obtaining the construction work planning permit or by violating the provisions of the construction work planning permit, the competent department of urban and rural planning of the local people's government at or above the county level shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5% of the construction cost but not more than 10% the cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit and confiscate the real objects or the illegal gain, and may also impose a fine not more than 10% of the construction cost.

***Construction of Property Projects***

Pursuant to the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) enacted by the MOHURD on October 15, 1999 and revised and enforced on July 4, 2001, after obtaining the Permit for construction work planning permit, a property developer shall apply for a construction permit from the construction authority under the local people's government above the county level.

Pursuant to the Notice of the General Office of the State Council on Strengthening and Regulating the Administration of Newly Launched Projects (《國務院關於加強和規範新開工項目管理的通知》) (Guobanfa [2007] No.64) promulgated by General Office of the State Council on November 17, 2007, a project may commence construction when the following conditions are met: it conforms to the relevant industrial policies, development and construction planning and market entry standards of the PRC government; the project has completed the formalities of examination and approval, verification or filing; the site selection and layout of the project within the planned area conform to the urban and rural planning, and the relevant planning permit has been transacted in accordance with the relevant provisions of the urban and rural planning law; the approval for land use has been obtained according to law, and the contract on non-gratuitous use of state-owned land has been concluded or the written decision on allotment of state-owned land has been obtained; the environmental impact assessment has been examined and approved in accordance with the provisions on classified administration and graded examination and approval of environmental impact assessment of the construction project; before the commencement of the construction project, the construction unit has obtained the construction permit or commencement report in accordance with the relevant provisions of the construction law, and has taken detailed measures to ensure the quality safety of the construction project, among other things.

### *Completion of Property Projects*

Pursuant to the Development Regulations, the Regulation on the Quality Management of Construction Projects (Decree No.279 of the State Council) (《建設工程質量管理條例》) enacted and enforced by the State Council on January 30, 2000, the construction company shall, after it receives the report of construction completion of its project, organize the companies concerned such as for design, construction and engineering supervision to carry out acceptance examination. The construction company shall, within 15 days from the date on which the construction project passes the acceptance examination, submit the report of acceptance examination of the construction project and the recognized or approved documents issued by such departments as for planning, public security fire fighting and environment protection to the competent administrative department for construction or other relevant departments for their record. The competent administrative department for construction or any other relevant department shall, when it discovers that the building unit commits an act of violation of the provisions of the PRC government on the quality control of construction projects in the course of acceptance examination, order the building unit to stop the use and to organize the acceptance examination again.

The Provisional Administrative Measures for Acceptance Examination and Filing Upon Completion of Buildings and Municipal Infrastructure Construction (《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》) enacted and enforced by the MOHURD on April 4, 2000, and was revised on October 19, 2009 and the Provisional Regulations on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure Construction (《房屋建設工程和市政基礎設施工程竣工驗收暫行規定》) (Jianjian [2000] No.142) enacted by the MOHURD and became effective from June 30, 2000 provide:

- construction entities shall submit records to the relevant departments in charge of construction of local people's governments above the county level at the locations of the projects (the "Record-filing Organ") within 15 days of the successful passage of the acceptance examination of the projects in accordance with the provisions of these measures;
- project quality supervision institutions shall, within five days from the date of the successful passage of the acceptance examination of the project, submit the project quality supervision report to the Record-filing Organ; and
- where the relevant Record-filing Organ finds that a construction entity acted in violation of PRC government regulations on quality management of construction projects in the process of the acceptance examination, the said organs shall, within 15 days upon the full receipt of the records for the acceptance examination, order relevant projects to be stopped from using and re-organize the acceptance examination.

## PROPERTY TRANSACTIONS

### *Transfer of Property*

Pursuant to the Urban Property Law and the Administrative Regulations on Transfer of Urban Property (《城市房地產轉讓管理規定》) enacted by the MOHURD on August 7, 1995 and revised on August 15, 2001, a property owner may sell, give or otherwise legally transfer a property to another person or legal entity. When transferring a property, the ownership of the property and the state-owned land use rights attached to the site on which the property is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the local competent property administration where the property is situated within 90 days of the execution of the transfer contract. Where the state-owned land use rights were originally obtained through the government land grant process, the property may only be transferred on the condition that:

- the land premium for the grant of the state-owned land use rights has been paid in full as provided by the grant contract and the land use rights certificate has been obtained;
- if investment and development is to be carried out according to the land grant contract and the project involves housing construction, development representing more than 25% of the total investment has been completed; where the development involves large-scale plots of land, conditions for using land for industrial or other construction purposes have been satisfied; where the construction of buildings has been completed, the property ownership certificate has been obtained; and
- where the property previously transferred according to these regulations is to be retransferred, if it is needed to go through the formalities of assignment and to pay additional land premium, the land proceeds that have been handed in shall be deducted.

***Sales of Commodity Properties***

Pursuant to the Regulatory Measures on the Sales of Commodity Housings (《商品房銷售管理辦法》) (Decree No.88 of MOHURD) enacted by the MOHURD on April 4, 2001 and effective on June 1, 2001, sales of commodity housing may include both pre-completion and post-completion sales.

Pursuant to the Development Regulations and the Administrative Measures Governing the Pre-sale of Commodity Housings in Urban Cities ("Pre-completion Sales Measures") (《城市商品房預售管理辦法》) enacted by the MOHURD on November 15, 1994 and revised on August 15, 2001 and July 20, 2004, respectively, the pre-completion sales of commodity housing shall be subject to a permit system, under which a property developer intending to sell a commodity building before its completion shall make the necessary pre-completion sales registration with the property development authority of the relevant city or county to obtain a permit of pre-completion sales of commodity housing. A commodity building may only be sold before completion provided that:

- the land premium has been paid in full for the granting of the relevant state-owned land use rights and a land use rights certificate has been issued;
- the construction work planning permit and construction permit have been obtained;
- the funds invested in the development of commodity housing applied to pre-completion sales represent 25% or more of the total investment in the project and the development schedule and the completion and delivery dates have been ascertained; and
- the pre-completion sales have been registered and a pre-sale permit has been obtained.

Pursuant to the Regulations on the Sales of Commodity Housing (《商品房銷售管理辦法》), the post-completion sales of commodity housing may occur when the following preconditions have been satisfied:

- the property developer offering to sell the post-completion properties shall have an enterprise legal person business license and a property developer;
- the developer has obtained a state-owned land use rights certificate or other approval documents of land use;

- the developer has obtained the construction work planning permit and the construction permit;
- the commodity housing have been completed and passed the acceptance examination;
- the relocation of the original residents has been completed;
- the ancillary infrastructure facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other ancillary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date have been specified;
- the property management plan has been formulated; and
- before the post-completion sales of commodity buildings, a property developer shall submit the property development project manual and other documents showing that the preconditions for post-completion sales have been fulfilled to the property development authority for its record.

Pursuant to the Opinion on Further Stabilizing Property Prices (《關於做好穩定住房價格工作意見的通知》) (Guobanfa [2005] No.26) promulgated on May 9, 2005 by the General Office of the State Council, sales of commodity housing shall comply with various regulations:

- according to the provisions of the Urban Property Law, the State Council has decided that pre-sale purchasers of commodity properties may not transfer such properties while they are still under development. Before the completion of construction, delivery of an advance sales commodity housing and the receipt of a property ownership certificate by the pre-sale purchaser, the administrative department of property shall not process property transfers. Where the applicant for property ownership fails to be in line with the advance seller as indicated in the pre-sale contract on record, the registration organ of property title shall not handle the formalities of property title. In addition, a real name system for housing purchases and an immediate archival filing network system for pre-sale contracts of commodity houses should be implemented to prevent any private dealing; and
- the local administrative departments of property should strictly regulate the market assess of those property development enterprises and agencies, seriously investigate into and punish any irregular and rule-breaking sales according to law. Where anyone fabricates contracts, corners housing resources, publicizes false information of price and sales progress, viciously drives up housing prices, misleads consumers to make purchases at a sale, or fails to meet the required construction initiation and completion times, selling prices and dwelling size areas, the local administrative departments of property shall put the aforesaid act on the credit archival filing of property enterprises and publicize it to the general public. For more serious violations, the MOHURD shall, in collaboration with the relevant departments, impose serious punishments according to law in a timely manner and publicize them to the general public.

The Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities (Guofa [2010] No.10) (《國務院關於堅決遏制部分城市房價過快上漲的通知》) promulgated by State Council on April 17, 2010 provides:

- for implementing more strictly differentiated housing credit policies. For families (including the borrower, the spouse and minor children) for purchases of first housing units for self-use with a construction floor area of 90 sq.m. or more, the down payment on the relevant mortgage loan shall not be less than 30% of the total price; and

- for the strict enforcement of the various means of speculation in housing and speculative purchase of housing units. In areas where the prices of commodity housing have risen too quickly or to an overly high level, or housing is in short supply, commercial banks may suspend the grant of housing loans for the third and further housing units according to the level of risk.

Pursuant to the Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate Market (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》) (Guobanfa [2011] No. l) promulgated by the General Office of the State Council on January 26, 2011, including:

- reinforcing the differentiated housing credit policy. In respect of households that purchase a second housing unit through a mortgage loan, the down payment ratio shall not be lower than 60%. The loan interest shall not be lower than 1.1 times the benchmark interest rate. The respective branches of the PBOC may raise the down payment ratio and interest rate on loans for a second home based on the price control targets set by the local people's government for newly constructed houses and the policy requirements, and on the basis of national unified credit policies. The banking supervision department shall tighten the supervision and inspection of the differentiated housing credit policy implemented by the commercial banks. Conduct violating the regulations shall be dealt with sternly; and
- rationalize the guidance of housing demand. All municipalities directly under the PRC government, cities specifically designated in the state plan, provincial capitals and cities in which the housing prices are excessively high or rising rapidly are to formulate and implement measures for the restriction of housing purchases strictly within a specified period. In principle, households with a local registered residence which already own one residence and households without a local registered residence which are able to produce a local tax payment certificate or a proof of social insurance contribution for a certain number of years shall be restricted to purchasing one residence (including newly constructed commodity housing and second-hand housing). In respect of households with local registered residence which already own two residences, households without local registered residence which have already owned one set and more housing, and households without local registered residence which are unable to provide a local tax payment certificate or a proof of social insurance contribution for a certain number of years, no houses shall be sold to them within its own administrative area for the time being;

***Mortgage of Property***

Pursuant to the Urban Property Law:

- when a property is transferred or mortgaged, the ownership of the building and the right to use the land occupied by the building are transferred or mortgaged at the same time;
- the mortgage of property shall mean the non-transfer provision of legal property by the debtor to the mortgagee as guarantee of debt payment. If the debtor fails to make repayments, the mortgagee has priority to be repaid first through the auction of the mortgaged property according to law;

- the title of a housing property plus the right to use the land occupied by the housing property obtained lawfully may be designated as mortgage right. The right to use land obtained through lease may be used as a mortgage;
- a mortgage loan shall be made only upon the presentation of the land use rights certificate and property ownership certificate;
- the mortgagor and mortgagee shall sign a written mortgage loan contract;
- for mortgage loans where the land use right was obtained through transfer, the mortgagee has the priority to be paid first only after a fund equivalent to the lease fees for the right to use the land has been paid upon an auction of the property according to law; and
- after a property mortgage contract is signed, any newly added housing property on the land does not form part of the mortgaged property. If the mortgaged property must be auctioned, the newly added housing property may be auctioned together with the mortgaged property, but the mortgagee does not receive first priority of payment for any amount derived from the auction of the newly added housing property.

The Law of the PRC on Property Rights (《中華人民共和國物權法》) ("Property Law"), which was adopted at the fifth session of the Tenth National People's Congress on March 16, 2007 and came into effect on October 1, 2007, provides:

- where a building is mortgaged, the right to use land for construction occupied by such building shall be mortgaged together. Where the right to use land for construction is mortgaged, all buildings on such land shall be mortgaged together. In case a mortgagor fails to mortgage the properties according to the preceding paragraph, the properties that have not been mortgaged shall be regarded as having been mortgaged together;
- mortgages of buildings under construction shall be registered, and the mortgage right is established as of the date of such registration; and
- after the right to use land for construction is mortgaged, the newly constructed buildings on the land shall not form part of the properties under mortgage. If the aforesaid right to use land for construction must be auctioned, the newly added housing property may be auctioned together with the mortgaged property, but the mortgagee does not receive first priority of payment for any amount derived from the auction of the newly constructed buildings.

Pursuant to the Administrative Measures on Land Registration (《土地登記辦法》) (Decree No.40 of the Ministry of Land and Resources) issued by the Ministry of Land and Resources on December 30, 2007, which took effect on February 1, 2008, land registration refers to the registration of land-use rights of relevant land for public review. With respect to the mortgage of land use right, mortgagee and mortgagor shall apply for mortgage registration of the land use right by presenting the land rights certificate, the master debtor-creditor contract, the mortgage contract and other relevant certificates. If a parcel of land has been mortgaged more than once, the mortgage registration shall be made according to the sequence of applications for mortgage registration. If the conditions for mortgage registration are satisfied, the competent administrative department of land and resources shall record relevant items stipulated in the mortgage contract on the land register and the land use rights certificate and issue the certificate of other rights over land to the mortgagee. If the mortgage under registration application arrives at the maximum limit of mortgage, the entry of the guaranteed maximum amount of creditor's rights and the term of maximum mortgage and other items shall be noted down. The Circular on Implementing the Land Registration Measures and Further Strengthening Land Registration Work (《關於貫徹實施《土地登記辦法》進一步加強土地 登記工作的通知》) (Guotuzifa [2008] No.70), issued by the Ministry of Land and Resources on April 8, 2008, calls for stringent land registration according to relevant laws, cessation of illegal registration, and prohibition of legalizing illegal land through land registration. The Circular states that registrations will not be granted in cases involving unresolved land disputes, as well as cases where the full contract price has not been paid or where the use of land has been changed illegally.

The Procedures for Property Registration (《房屋登記辦法》), issued by MOHURD on February 15, 2008 and became effective on July 1, 2008 provide:

- building registration shall adhere to the principle of consistency between the property ownership and the subject holding the land use right within the extent as occupied by the building;
- where a property development enterprise applies for the initial registration of ownership of a building, it shall concurrently apply for registration of buildings legally co-owned by all property owners such as public areas, public facilities and property management service buildings within the building zone, which shall be recorded by the building registration authority in the building register book without the issuance of any certificate of ascription of rights in a building;
- after the forenotice registration is made, without the written consent of the right holder of the forenotice registration, the building registration authority shall not accept an application for registration of a disposition of such a building. Where, after the forenotice registration is made and the creditor's rights are extinguished or within three months from the date when the relevant building registration can be conducted, a party concerned applies for a building registration, the building registration authority shall conduct the relevant registration according to the forenotice registration matters; and
- where, after the advance seller and advance purchaser enters into a contract on the purchase and sale of a marketable building, the advance seller fails to apply for a forenotice registration together with the advance purchaser as agreed on, the advance purchaser may unilaterally apply for the forenotice registration.

***Lease of Properties***

Pursuant to the Urban Property Law and the Regulations on Leases of Commodity Housings (《商品房屋租賃管理辦法》) enacted by the MOHURD on December 1, 2010 and became effective from February 1, 2011, the parties to a lease of a property shall enter into a lease contract in writing. A registration system is adopted for leases of properties. The parties shall file with the property administration authority under the local government of the city or county in which the building is situated for any newly signed leases, revisions or termination of leases. A party to a residential lease may entrust another person to handle lease registration and filing formalities in writing.

***Property Law***

The Property Law provides detailed rules regarding the following kinds of major property rights:

- the owner of real or movable property has the right to possess, use, seek profits from and dispose of the real or movable property according to law;

- a usufructuary right holder shall enjoy the right to possess, use and seek proceeds from the real or movable property owned by another party according to law;
- the holder of real property rights for security shall enjoy priority to receive payments from the property for security in case the obligor fails to pay its due debts or the circumstance for the realization of real rights for security as stipulated by the parties concerned occurs, unless otherwise prescribed by law;
- the real property rights of the state, collectives, individuals or any other right holder shall be protected by law and shall not be infringed by any entities or individuals;
- the term of the right to use land for construction for residential purposes shall be automatically renewed upon expiration. The term of the right to use land for construction not for residential purposes shall be renewed according to law. Where there are stipulations about the ownership of houses and other real properties on the aforesaid land, such stipulations shall prevail; if there is no such stipulation or the stipulations are not explicit, the ownership shall be determined according to the provisions in the laws and administrative regulations; and
- the owner of a building may manage the building and its affiliated facilities themselves or by entrusting a real property service enterprise or any other management personnel. The owners are entitled to change the real property service enterprise or any other management personnel hired by the construction entity according to law.

## PROPERTY FINANCING

The Circular on Further Strengthening the Management of Loans for Property Business (《關於進一步加強房地產信貸業務管理的通知》) (Yinfa [2003] No.121) issued by PBOC on June 5, 2003 specifies the requirements for banks to provide loans for the purposes of property development and individual residential mortgage as follows:

- commercial banks shall issue loans applied for by property enterprises only through property development loans, and shall not issue in the form of property working capital loans or any other forms. Where non-property loans are issued to property enterprises, commercial banks shall observe the principle of "recovering only, and no issuing." The proprietary capital (owner's equity) of property enterprises applying for loans shall be no less than 30% of the total development investment. Property loans extended by commercial banks may only be used for local housing projects and may not be used cross-regionally;
- loans to land reserve institutions shall be mortgage loans, the amount of which shall not exceed 70% of the assessed value of purchased lands, and the term of loans shall not exceed two years. Commercial banks shall not issue loans to property enterprises for the purpose of paying for land premiums; and
- commercial banks shall further expand the spectrum of individual housing loans to allow more people to benefit from such loans. To reduce unnecessary interest for borrowers, commercial banks shall issue individual housing loans only to those who purchase housing where main structural development has already been completed. Where borrowers apply for individual housing loans to purchase their first residence for self use, the ratio of down payment shall remain 20%; for second or further residences, the ratio of down payment shall be raised appropriately.

Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (《商業銀行房地產貸款風險管理指引》) (Yinjianfa [2004] No.57) issued by the CBRC on August 30, 2004, a commercial bank shall not grant any form of loans to a project owner that has not obtained the land use rights certificate, the construction land planning permit, the construction work planning permit or the construction commencement permit.

Pursuant to the Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Loan Policies and the Deposit Interest Rate of Excess Reserve (《中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》) enacted by PBOC on March 16, 2005 and became effective from March 17, 2005, down payments for individual mortgage loans increased from 20% to 30% in cities and areas where property prices grow too quickly. The commercial banks can independently determine the extent of increase in property prices according to specific situations in different cities or areas.

The Opinion of the MOHURD and Other Departments on Adjusting the Housing Supply Structure and Stabilizing Property Prices forwarded by the State Council (《關於調整住房供應結構穩定住房價格的意見》) (Guobanfa [2006] No.37) on May 24, 2006 provides the following:

- loan facilities for property development will be under stricter control. Commercial banks are not allowed to grant loan facilities to property developers who do not have the required 35% or more of the total capital for the construction projects. Commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to property developers who have a large number of idle land and unsold commodity properties. Banks shall not accept mortgages of commodity properties remaining unsold for three years or longer; and
- from June 1, 2006 onward, individual purchasers who apply for mortgage loans shall pay a minimum of 30% of the purchase price as down payment. However, if individual purchasers purchase apartments with a floor area of 90 sq.m. or less for residential purposes, the existing requirement of 20% of the purchase price as down payment remains unchanged.

The Opinion on Standardizing the Admittance and Administration of Foreign Capital in Property Market (《關於規範房地產市場外資准入和管理的意見》) (Jianzhufang [2006] No.171) enforced by MOFCOM, the MOHURD and the NDRC on July 11, 2006 provides:

- an overseas investor that has not obtained an approval certificate of foreign-invested enterprises or a business license shall not engage in any development or operation of property;
- where any foreign-invested enterprise fails to make full payment of its registered capital, fails to obtain the land use rights certificate or fails to make its project development capital reach 35% of the total project investment amount, it shall not deal with any domestic or overseas loan and the administrative department of foreign exchange shall not approve the settlement of the foreign exchange loan thereof; and
- the Chinese or foreign party in a foreign-invested property enterprise shall not stipulate any term on fixed return or disguised fixed return in any contract, constitution, equity transfer agreement or any other document in any form.

The Notice on Issues Relating to Standardizing Different Residential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》) (Yinfa [2010] No. 275) jointly issued by PBOC and CBRC on September 29, 2010 provides:

- all commercial banks shall suspend the granting of housing loans to resident families for purchasing third and further residences; commercial banks shall also suspend the granting of housing loans to non-local residents who cannot provide local tax payment proof or proof of social insurance payment for a period of one year or longer;
- for the purchase of commodity housing with loans, the down payment shall be adjusted to more than 30% of the total price; for families who purchase a second residence with a mortgage loan, the down payment shall not be less than 50%, and the loan rate shall not be less than 1.1 times the benchmark rate; and
- all commercial banks shall strengthen the management of consumption loans, and prohibit such loans from being used for purchasing houses. For property development enterprises with land idle, that change the use and nature of land, delay the time of construction initiation or completion, hold back housing units for future sales, or have other records of violations of laws or regulations, all commercial banks shall suspend the granting of loans to them for new development projects and suspend the extension of loans. Any commercial bank which fails to earnestly implement the differential credit policies shall be seriously punished once the issue is ascertained.

## INSURANCE OF PROPERTY PROJECTS

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》) enacted by the Standing Committee of the National People's Congress on November 1, 1997, which took effect on March 1, 1998 and was amended on April 22, 2011, construction enterprises are required to maintain and pay for accident and casualty insurance for workers engaged in dangerous operations.

The Guidance of the MOHURD on Strengthening the Insurance of Accidental Injury in Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) (Jianzhi [2003] No.107) issued by the MOHURD on May 23, 2003 further emphasizes the importance of accidental injury insurance in construction work and provides specific guidance.

## MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS

### *Corporate Income Tax*

The CIT law provides:

- A resident enterprise shall pay corporate income tax on its income derived from both inside and outside China;

  for non-resident enterprises with offices or establishments inside China, it shall pay corporate income tax on its income derived from China as well as on income that it earns outside China but which has a real connection with said offices or establishments; for non-resident enterprises with no office or establishment inside China, or for non-resident enterprises whose income has no actual connection to its offices or establishment inside China, it shall pay corporate income tax on income derived from China; and

- where any provision in a tax treaty concluded between the government of the PRC and a foreign government is different from the provisions in this law, the provision in the treaty shall prevail.

Pursuant to the Implementation Rules of Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) enacted by the State Council on December 6, 2007 and became effective from January 1, 2008, income obtained by a non-resident enterprise with no office or establishment inside China, or for a non-resident enterprise whose income has no actual connection to its institution or establishment inside China shall be taxed at the reduced 10% rate. The following income shall be exempted from CIT:

- interest income obtained by a foreign government from loans to the Chinese government;
- interest income obtained by an international financial organization from loans to the Chinese government or the resident enterprises thereof at preferential rates; and
- other income as approved by the State Council.

Pursuant to the Notice of the SAT on How to Understand and Determine the "Beneficial Owners" in Tax Agreements (《國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知》) (Guoshuihan [2009] No.601) issued by the SAT and became effective on October 27, 2009, the term "beneficial owner" in relevant provisions of the agreements on the avoidance of double taxation signed by the PRC government with foreign countries (including the arrangements on the avoidance of double taxation signed with Hong Kong and Macau) refers to a person who has the right to own and dispose of the income and the rights or properties generated from said income. The "beneficial owner" may be an individual, a company or any other organization which is usually engaged in substantial business operations. An agent or a conduit company is not a "beneficial owner." The term "conduit company" refers to a company which is usually established for purposes of avoiding or reducing taxes, and transferring or accumulating profits. Such a company is only registered in the country of domicile to satisfy the organizational form as required by law, but it does not engage in such substantial business operations as manufacturing, distribution and management.

Pursuant to the Confirmation of Completion Conditions for Development of Products by Property Developer (《關於房地產開發企業開發產品完工條件確認問題的通知》) (Guoshuihan [2010] No.201) promulgated by the SAT on May 12, 2010, a property is deemed completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put in use. Property developers should settle and calculate the amount of corporate income tax for the current year in a timely manner.

***Business Tax***

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例》) enacted by the State Council on December 13, 1993 and became effective from January 1, 1994 and which was later amended in November 2008 and became effective from January 1, 2009, for all entities and individuals engaged in the provision of services as prescribed in the regulation, the transfer of intangible assets or the sales of real estate within the territory of the PRC shall pay the business tax in accordance with these regulations. The tax rate on the transfer of real estate, their superstructures and attachments is 5%.

*LAT*

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) (Decree No.138 of the State Council), which was enacted on December 13, 1993 and amended on January 8, 2011:

- any taxpayer who gains income from the transfer of property shall be subject to land appreciation tax;
- land appreciation tax shall be subject to a regime of four progressive rates: 30% on the amount of appreciation not exceeding 50% of the sum of deductible items; 40% on the amount of appreciation exceeding 50% but not exceeding 100% of the sum of deductible items; 50% on the amount of appreciation exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% on the amount of appreciation exceeding 200% of the sum of deductible items;
- a taxpayer is exempt from land appreciation tax if: (i) the taxpayer builds houses of ordinary standard for sales and the amount of appreciation does not exceed 20% of the sum of deductible items; (ii) land and properties recalled and requisitioned for construction purposes by the PRC government according to law; and
- deductions to be made in the calculation of land appreciation comprise: (i) the lease price paid for the use of the land; (ii) the cost and expenses spent in the development of the land; (iii) the cost and expenses in the construction of new buildings and attached installations, or the appraisal prices of old buildings and structures; (iv) tax payments arising from the transfer property; (v) other deductions as prescribed by the Ministry of Finance ("MOF").

The Notice in respect of the Administration of the Collection of Land Appreciation Tax (《關於認真做好土地增值稅徵收管理工作的通知》) (Guoshuihan [2002] No.615) issued by SAT also on July 10, 2002 requests that local tax authorities modify the management system for land appreciation tax collection and related operation procedures, to build up a proper tax return system for land appreciation tax and to improve the methods of pre-levying tax for pre-sold properties. The notice also indicated that the preferential policy of land appreciation tax exemption has expired and that such tax shall be levied again for first time transfer of properties under property development contracts signed before January 1, 1994 or project proposals that have been approved and capital was injected for development.

The Notice of the SAT in respect of Further Strengthening the Administration of the Collection of Land Use Tax and Land Appreciation Tax in Cities and Towns (《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》) (Guoshuifa [2004] No.100) on August 5, 2004 indicated that the collection of land appreciation tax should be further strengthened. Deductions and exemptions of the land appreciation tax which was not approved by competent authorities, shall be corrected immediately and shall be levied again. Except for the construction of economically affordable houses, land appreciation tax for other kinds of land for property development shall not be deducted or exempted. The Notice of Certain Issues Regarding Land Appreciation Tax (《關於土地增值稅若干問題的通知》) (Caishui [2006] No.21) issued by ministry of finance and SAT on March 2, 2006 clarifies the relevant issues regarding land appreciation tax as follows:

- the notice sets out the defined standards for ordinary standard residential properties. Where any developers build ordinary standard residential properties as well as other commodity properties, the value of land appreciation shall be assessed separately. In respect of ordinary standard residential properties for which application for tax exemption has been filed with the tax authority at the locality of the property before the notice is issued and for which land appreciation tax exemption has been granted by the tax authority on the basis of the criteria of ordinary residential properties originally set by the people's government of the province, autonomous region or municipality, no adjustment shall be made retroactively;

- all regions shall further improve the measures for the advance collection of land appreciation tax, and decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the level of value appreciation in the property industry and market conditions within the region and on the basis of the specific property categories, namely, ordinary standard residential properties, non-ordinary standard residential properties and commercial properties. After a project is completed, the relevant settlement shall be handled in a timely manner, with any overpayment refunded or any underpayment being made up;
- if any tax pre-payment is not paid within the advance collection period, overdue fines shall be imposed additionally as of the day following the expiration of the prescribed advance collection period, according to the relevant provisions of the Law of Tax Collection and Administration (《稅收徵收管理法》) and its implementation rules; and
- as to any property project that has been completed and passed the inspection upon completion, where the floor area of the property as transferred makes up 85% or more in the saleable floor area, the tax authority may require the relevant taxpayer to settle the land appreciation tax on the transferred property according to the matching principles regarding the proportion between the income as generated from the transfer of property and the amount under the item of deduction. The specific method of settlement shall be prescribed by the local tax authority of a province, autonomous region, municipality, or a city under separate state planning.

The Notice on the Administration of the Settlement of Land Appreciation Tax of Property Developer (《國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知》) (Guoshuifa [2006] No.187) issued by the SAT on December 28, 2006, which came into effect on February 1, 2007, provides:

- the settlement of land appreciation tax shall be made for each property development project approved by the relevant departments of the state; as for a project developed by stages, the settlement shall be made for each stage of the project. Where a development project includes both ordinary housing and non-ordinary housing, the appreciation shall be calculated separately;
- where it is under any of the following circumstances, the taxpayer shall settle its land appreciation tax when: (i) a property project is completed and sold out; (ii) a property project that has not been completed and is subject to final accounts is transferred as a whole; or (iii) the land use right is directly transferred;
- the competent tax authority may ask the taxpayer to settle its land appreciation tax where: (i) for projects that have completed construction and acceptance examination, the building area already transferred makes up 85% or more of the salable building area of the whole project, or where this proportion is below 85%, the residuary salable building area has been leased or is in self-use; (ii) the sales are not completed upon the expiration of three years since the day when the sales (or pre-sale) permit is obtained; (iii) the taxpayer has

applied for writing-off tax registration but has not gone through the formalities for the settlement of land appreciation tax yet; or (iv) other circumstances as prescribed by the provincial tax authorities;

- where a property enterprise uses its property development for the welfare of its workers, rewarding, foreign investment, distributions to the shareholders or investors, repaying its debts, or in exchange for the non-monetary assets of any other entity or individual, among other things, if the ownership is transferred, it shall be deemed as a sale of property, and revenue therefrom shall be determined in accordance with the following: (i) revenue shall be determined in accordance with the average price of the same kind of property sold by the company in the same region and in the same year; (ii) revenue shall be determined by the competent tax authority by referring to the market price or appraised value of the same kind of property sold in the same region and in the same year;

- where a property enterprise uses develops portion of its property development for self-use, lease or any other commercial purpose, if the relevant property ownership rights are not transferred, the land appreciation tax thereon shall be exempted, the revenue therefrom shall not be listed in the settlement of tax payment, and the corresponding costs and expenses shall not be deducted; and

- the tax authority may, by consulting the tax burdens of the local enterprises similar to it in terms of development scale and income level, collect land appreciation tax from the property developer by verification on the basis of the levying rate that is not lower than the advance levying rate, where: (i) the property developer fails to set up accounting books in accordance with the provisions of laws and administrative regulations; (ii) the property developer fails destroys the accounting books without authorization or refuses to provide the data of tax payments; (iii) the property developer fails has established accounting books, but the accounting items are confusing, or its cost information, revenue vouchers and expense vouchers are damaged or incomplete and it is difficult to determine the transfer income or amount under the deductible items; (iv) the property developer satisfies the settlement conditions of land appreciation tax, but it fails to go through the settlement formalities within the prescribed time limit, and it is ordered by the tax authority to conduct settlement within a certain time limit but still fails to do so upon the expiration of the time limit; (v) the taxable basis declared is obviously on the low side and without legitimate reason.

***Deed Tax***

Pursuant to the Provisional Regulations of the PRC on Deed Tax (《中華人民共和國契稅暫行條例》) (Decree No.224 of the State Council) enacted by the State Council on July 7, 1997 and became effective on October 1, 1997:

- the transferee, whether an entity or individual, of the title to a land site or building in the PRC shall have to pay deed tax; and

- the rate of deed tax is 3% to 5%. The people's government of provinces, autonomous regions and municipalities may, within the foresaid range, determine and report their effective tax rates to the MOF and the SAT for record.

The Adjustments to Taxation on Property Transactions (《財政部國家稅務總局關於調整房地產交易環節稅收政策的通知》) (Caishui [2008] No.137) issued by the MOF and SAT on October 22, 2008, and was amended on October 1, 2010 the stamp duty on residential properties sold or purchased by individuals, and the land appreciation tax on residential properties sold by individuals are temporarily suspended.

***Urban Land Use Tax***

Pursuant to the Provisional Regulations of the PRC Governing Land Use Tax in Cities and Towns (《中華人民共和國城鎮土地使用稅暫行條例》) enacted by the State Council on September 27, 1988, which came into effect on November 1, 1988, and revised by the State Council on December 31, 2006:

- the land use tax in respect of urban land is levied according to the area of relevant land. The measuring of the areas of land occupied as mentioned in the preceding paragraph shall be determined by the people's governments of the provinces, autonomous regions and municipalities directly under the PRC government in light of the actual conditions; and
- the annual amount land use tax rates per sq.m. are as follows: (i) between RMB1.5 and RMB30 in large cities; (ii) between RMB1.2 and RMB24 in medium cities; (iii) between RMB0.9 and RMB18 in small cities; (iv) between RMB0.6 and RMB12 in county towns, towns/bases operated under an organizational system, and industrial and mining districts.

***Property Tax***

Pursuant to the Provisional Regulations of the PRC on Property Tax (《中華人民共和國房產稅暫行條例》) (Guofa [1986] No.90) enacted by the State Council on September 15, 1986 and became effective from October 1, 1986, property tax shall be 1.2% if it is calculated on the basis of the residual value of a property, and 12% if it is calculated on the basis of the rental.

***Stamp Duty***

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》) (Decree No.11 of the State Council) enacted by the State Council on August 6, 1988 and effective from October 1, 1988, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

***Urban Maintenance and Construction Tax***

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

Pursuant to the Notice of 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》) (Guofa [2010] No.35) promulgated by the State Council on October 18, 2010, regulations, rules and policies regarding urban maintenance and construction tax shall be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals from December 1, 2010. Regulations, rules and policies in respect of urban maintenance and construction tax and education surcharge issued by the State Council as well as finance and tax department of State Council since 1985 and 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals.

***Education Surcharge***

Pursuant to the Provisional Provisions on Imposition of Education Surcharge" (《徵收教育費附加的暫行規定》) (Decree No.588 of the State Council) enacted by the State Council on April 28, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the Notice of the State Council on Raising Funds for Schools in Rural Areas (《關於籌措農村學校辦學經費的通知》).

Pursuant to the Notice of 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》) (Guofa [2010] No.35) promulgated by the State Council on October 18, 2010, regulations, rules and policies regarding education surcharge shall be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals from December 1, 2010.

**MEASURES ON STABILIZING HOUSING PRICES**

The General Office of the State Council enacted the Notice on Effectively Stabilizing Property Prices (《關於切實穩定住房價格的通知》) (Guobanfamingdian [2005] No.8) on March 26, 2005, requiring measures to be taken to restrain surging property prices and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State Council forwarded the Notice of Opinion on Stabilizing Property Prices (《關於做好穩定住房價格工作意見的通知》) (Guobanfa [2005] No. 26) issued by departments including the MOHURD, which provides that:

- Intensifying the planning and control and improving the supply structure of houses:

  All regions shall, according to the property market demand thereof, clarify the construction scale, project allocation and progress arrangement of common commodity houses and economically affordable houses of the current year and the next year as soon as possible. Where the house price is in excessive growth, the supply of common commodity houses and economically affordable houses at mediate or low prices are insufficient, emphasis shall be put on the common commodity houses and economically affordable houses at moderate or low prices in the house construction, and the areas of construction initiation and completion and the proportion of common commodity houses and economically affordable houses at moderate or low prices in the overall construction shall be clarified and be publicized to the general public as soon as possible and shall be subject to the social supervision so as to stabilize the social prediction. The people's governments at the provincial level shall reinforce the supervision and examination on the implementation of all municipals (regions) and counties. All the administrative departments of city planning shall, on the precondition of being in compliance with the overall city planning, accelerate the progress of work, give priority to the examination of projects in the planning and grant the guaranty for location choice according to the demand for the construction of common commodity houses and economically affordable houses at moderate or low prices. At the same time, the said administrative departments shall strictly control the construction of low-density or top-grade houses. For those construction projects of common commodity houses at moderate or low prices, before any supply of land, the administrative department of city planning shall provide such requirements of planning and designing as height of buildings, volumetric fraction and green land according to the controlling detailed plan. The administrative department of property shall, in collaboration of the relevant departments, put forward such controlling requirements as the sales prices of houses and the areas of dwelling sizes, which shall be the precondition of any land transfer, so as to ensure an effective supply of small or medium-sized houses at moderate and low prices. All regions shall intensify the supervision and administration on the planning licensing for property development projects, carry out a second planning examination on those house projects that haven't been initiated for 2 years and resolutely cancel those projects that fail to meet the requirements of planning licensing;

- Intensifying the control over the supply of land and rigorously enforcing the administration of land:

  All regions shall, on the precondition of a strict implementation of the overall layout and plan of land use, adjust the structure, mode and time of land supply in proper time according to any change of the property market. For those regions where the price of any land as used for residential house and the house price is in excessive growth, we should properly elevate the proportion of the land as used for residential houses in land supply, attach importance to increasing the land supply for the construction of common commodity houses and economically available houses. We should continuously cease the land supply for villas and strictly control the land supply for top-grade houses. We should further improve the land purchase and reserve system, actively introduce the market mechanism, straighten out land development, lower the costs of land development and enhance the supplying capability of land for common commodity houses;

- Adjusting the policies of business tax in the link of house transfer and strictly regulating the collection and administration of tax:

  From June 1, 2005, where anyone resells his house that has been bought for less than 2 years, the business tax shall be collected on the basis of the full amount of income from the sale of his house; where anyone resells his common house that has been bought for more than 2 years (including 2 years), the business tax thereof may be exempted; where anyone resells his non-common house that has been bought for more than 2 years (including 2 years), the business tax shall be collected on the basis of the margin between the income from house sale and the payment for house purchase; All the regions shall strictly define the application scope of the current tax preferential policies concerning house and reinforce the administration of tax collection;

- Clarifying the standard of enjoying favorable policies for common houses and guiding the construction and consumption of houses in reasonable manner:

  In order to guide the construction and consumption of houses, the development of land-saving houses shall be fostered and the support of favorable policies to those common houses of medium or small sizes at moderate and low prices shall be granted. Those houses that enjoy the favorable policies shall, at the same time, satisfy the following conditions in principle: the volumetric fraction of the buildings in residential communities shall be more than 1.0, the floor space of a single set of apartment shall be less than

120 square meters, and the bargaining price is 1.2 times lower than the average dealing price of those houses as built on the land at an identical level. All provinces, autonomous regions and municipalities directly under the PRC government shall, according to the actual situations, formulate the specific standards for those common houses that may enjoy favorable policies within the administrative regions thereof. A proper float is allowed for the standard of floor space and price of a single set of apartment. However, the upward floating proportion shall not be more than 20% of the aforesaid standard. The specific standards of all municipalities directly under the PRC government and the capital cities of all provinces shall be reported to the MOHURD, the MOF and the SAT for archival filing and shall be promulgated before May 31, 2005;

- Intensifying the construction of economically affordable houses and improving the cheap house-renting system:

  All regions shall, according to the Measures for the Administration of Economically Affordable Houses (No.77 [2004] of the MOHURD) and the provisions of the local people's governments, implement the bidding invitation and tender system for projects of economically affordable houses, intensify the construction of economically affordable houses, strictly implement the guiding price of the government, take control of dwelling size areas and sales targets, effectively lower costs of development and construction. The profits of those construction entities shall be controlled within 3%. The specific requirements shall be clarified in the Decision on the Allocation of State-owned Lands, which shall be publicized to the general public. The house-leasing industry shall be encouragingly developed and regulated so as to increase house supplies and elevate the capability of house guaranty.

Opinion on Adjusting the Structure of Property Supply and Stabilizing Property Prices forwarded by the State Council on May 24, 2006 (《關於調整住房供應結構穩定住房價格的意見》) (Guobanfa [2006] No.37) of the MOHURD and other relevant government authorities provides the following:

- Adjusting the structure of property supply:

  Developers must focus on providing small to medium-sized ordinary commodity properties at low- to mid-level prices to cater to the demands of local residents. As of June 1, 2006, newly approved and commenced building construction projects must have at least 70% of the total construction work area designated for small apartments with floor areas of 90 sq.m. or below (including economically affordable units). If municipalities directly under the PRC government, cities listed on state plans and provincial capital cities intend to adjust such prescribed ratio based on special condition, they must obtain special approval from the MOHURD. Construction projects that have been approved but have not yet obtained a construction permit must follow the prescribed ratio;

- Further adjustments on tax, loan and land policies:

  (i) from June 1, 2006, business tax will be levied on the full amount of the sales proceeds on conveyance of residential properties within a period of five years from the date of purchase. If an individual sells his ordinary standard apartment after five or more years from the date of purchase, business tax will normally be exempted. If an individual sells his non-ordinary apartment after five or more years from the date of purchase, business tax will be levied on the balance between the selling price and the purchase price; Commercial banks are not allowed to approve loan facilities to property developers who do not fulfill the capital fund requirement of 35% or more for their construction projects;

(ii) commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the property developers who have a large reserve of idle lands and unsold commodity apartments. Banks shall not accept mortgages of commodity properties remaining unsold for three years or more;

(iii) at least 70% of the total land supply for residential property development must be used for developing small to medium-sized ordinary housing (including economical housing) and low-cost housing. Based on the restrictions of residential property size ratio and residential property price, land supply will be granted by way of auction to the property developer. Land supply for villa construction shall continue to be suspended, and land supply for low-density and large-area housing property construction shall be strictly restricted; and

(iv) the relevant authorities will levy a higher surcharge against those property developers who have not commenced the construction work for more than one year from the commencement date stipulated in the State-owned land use right contract and will order them to set the schedule for commencing the construction work and completion. The relevant authorities will confiscate without compensation the State-owned land use right from those property developers who have not commenced the construction work beyond two years from the commencement date stipulated in the State-owned land use right contract without proper reasons. The relevant authorities will dispose of the idle land of those property developers who have suspended the construction work consecutively for one year without an approval, have invested less than one-fourth of the total proposed investment or have developed less than one-third of the total proposed construction area.

A supplemental Opinion on the Implementation of the Residential Property Size Ratio in Newly Built Residential Buildings (Jianzhufang [2006] No. 165) (《關於落實新建住房結構比例要求的若干意見》) promulgated by the MOHURD on July 6, 2006, provides that, as of June 1, 2006, for newly approved and newly commenced commodity residential projects in different cities including town and counties (from June 1, 2006 and onward), at least 70% of the total construction area must be used for building small apartments (including economically affordable units) with unit floor area of 90 sq.m. or below.

The Implementation of the Several Opinions of the State Council on Solving Housing Difficulties of Low-Income Household in Urban Cities and Further Strengthening Control on 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》) (Guotuzifa [2007] No.236) issued by the Ministry of Land and Resources on September 30, 2007 and amended on January 1, 2010, provides:

- to tighten the measures on the disposal of idle land, the land resources administrative bureau at the city or county level shall give priority to the construction land of low-renting housing, economically affordable housing and low-to-medium size ordinary commodity housing at low-to-medium prices when drafting the annual land supply plan and the annual supply of such houses shall not be less than 70% of the total amount of annual land supply; and
- the local authorities shall control the land supply and shorten development period, under which development period of a parcel of land shall not be more than three years in principle, in order to ensure the efficiency of land development.

Circular on Conservation of Intensive-used Land by Financial Policies (《關於金融促進節約集約用地的通知》) (Yinfa [2008] No.214) jointly issued by PBOC and CBRC on July 29, 2008 required financial institutions to tighten the credit financing granted to construction projects, municipal infrastructure and industrial land projects, rural collective construction land projects and commercial property projects. Commercial banks shall not grant loans to property developer for the purpose of paying land premium nor to finance any of the following property projects:

- construction projects which belong to the prohibited category;
- property development project on a rural collective construction land; and
- property development project on land which has been idle for two years or more.

Pursuant to Circular of Adjusting Business Tax on Transfer of Residential Property by Individuals (《關於調整個人住房轉讓營業稅政策的通知》) (Caishui [2009] No.157) jointly issued by the MOF and SAT on December 22, 2009, for any individual who transfers his or her non-ordinary residential property within five years from the date of purchase, a business tax shall be levied based on the total proceeds from the sales. If any individual transfers his or her non-ordinary residential property after five years from the date of purchase or transfers his or her ordinary residential property within five years from the date of purchase, a business tax shall be levied for the difference between the proceeds from the sales and the purchase price of the property. For any individual who transfers his or her ordinary residential after five or more years from the date of purchase, the business tax will be exempted. Such Circular has been repealed by the Circular of Adjusting the Policy of Business Tax on Transfer of Residential Property by Individuals (《關於調整個人住房轉讓營業稅政策的通知》) (Caishui [2011] No.12) issued by the MOF and SAT on January 27, 2011.

Pursuant to Circular on Promoting the Stable and Healthy Development of the Property Market (《關於促進房地產市場平穩健康發展的通知》) (Guobanfa [2010] No.4) issued by the State Council on January 7, 2010, to further strengthen and to improve the regulation on property market. In order to manage market expectation and to promote the steady and healthy development of property market, the supply of affordable housing and general commodity apartments will be increased to meet the demand of users and to deter speculating buyers. The increase in housing supply can also facilitate risk management and market regulation. In addition, the minimum down payment of mortgage loan for additional residential property shall be 40% of the value of the property to be purchased by any member of a family (including the borrower, his or her spouse and dependent children) which has already purchased a residential property by mortgage loan. The interest rate of the mortgage loan for additional residential property shall reflect the associated risk level.

Pursuant to the Circular of Adjusting the Policy of Business Tax on Transfer of Residential Property by Individuals (《關於調整個人住房轉讓營業稅政策的通知》) (Caishui [2011] No.12) issued by the MOF and SAT on January 27, 2010, for any individual who sells his or her residential property within five years from the date of purchase, a business tax shall be levied based on the total proceedings from the sales. If any individual sells his or her non-ordinary residential property after five or more years from the date of purchase, business tax shall be levied at the difference between the proceeds from the sales and the purchase price of the residential property. For any individual who sells his or her ordinary residential properties after five or more years from the date of purchase, the business tax will be exempted.

The Notice on Resolutely Curbing the Soaring of Property Price in Certain Cites (《關於堅決遏制部分城市房價過快上漲的通知》) (Guofa [2010] No.10) issued by the State Council issued on

April 17, 2010 provides a series of new measures to suppress the surge of property price in certain cities of China, which included (among others) the following:

- Increasing the minimum requirement of down payment:

  (i) for the purchase of a first residential property with a GFA of 90 sq.m. or above, the down payment shall not be less than 30% of the purchase price of the relevant property;

  (ii) for the purchase of a second residential property, the down payment shall not be less than 50% of the relevant purchase price, and the interest rate of mortgage loan shall not be lower than 1.1 times of the benchmark interest rate for loan of one-year period of PBOC; and

  (iii) for those who purchase a third or subsequent property by mortgage loan, commercial banks shall significantly increase the ratio of down payment to the total payment and the minimum mortgage interest rate.

- Control of bank loan:

  In areas where property prices grow too fast, commercial banks may suspend granting mortgage loans to purchaser who is buying the third or subsequent property; Commercial banks shall suspend granting loans to those non-local buyers who fail to provide the proofing documents of local tax payment or social insurance premium payment for more than one year; Local government may take provisional measures to limit the maximum numbers of properties a household may own; Developers which engage in speculation shall be punished; Commercial banks shall not grant loans to developers which possess idle lands or manipulate the land reserve or price; and CSRC may suspend the review of application for the listing of shares, re-organization and re-financing of developers which engage in speculations;

- Disclosure of property title ownership:

  Property developers who have submitted information of the completed property for sales to the local government or have obtained the permit for pre-sales shall make an announcement regarding the property project available for sales to the public in a timely manner, and shall sell the property at the same price as that filed with the local government.

Pursuant to the Notice on Adjusting the Taxation Preferential Treatment on Deed Tax and Personal Income Tax Applicable to Property Transaction (《關於調整房地產交易環節契税個人所得税優惠政策的通知》) (Caishui [2010] No.94) jointly issued by the MOF, SAT and MOHURD on September 29, 2010 and became effective on October 1, 2010. According to the Notice, households (including the purchaser, his or her spouse and children under the age of 18) are entitled to a 50% reduction of deed tax for the purchase of the first residential property. If the GFA of the residential property is less than 90 sq.m., the applicable deed tax will be decreased to 1%. No exemption will be granted to any purchaser who purchases another residential property within one year after the disposal of the original property.

Pursuant to the Notice on Issues Relating to Further Regulating the Control of Property Market (《關於進一步做好房地產市場調控工作有關問題的通知》) (Guo banfa [2011] No.1) issued by the General Office of the State Council on January 26, 2011 provides:

- greater effort is required for the construction of affordable housing. It is required that 10 million units of affordable housing units and redeveloped units in squatter areas shall be developed in 2011. Local governments shall ensure that not less than 70% of its land supply shall be restricted for the development of affordable housing units, redevelopment of squatter areas and small and medium-sized commodity housing units. The quality of new property developers and their sources of funds shall be stringently scrutinized;

- entities and individuals participating in bidding for lands are required to disclose and prove the sources of their funding. Change of use of land for affordable housing is prohibited and violation of this restriction will be severely punished. The land use right of land allocated for property development but remain undeveloped for more than two years shall be forfeited. If a land remains undeveloped for more than one year, penalty for idling will be imposed. Local governments are required to identify any illegal transfer of land use right and take necessary actions accordingly. No allocation of land shall be made and no property development project shall be approved if the investment of a property development project (exclusive of land premium) is less than 25% of the value of the project; and

- if any individual transfers his or her residential property within five years from the date of purchase, a unified business tax will be levied on the proceeds from such sales. For those who purchase a second residential property by credit loans, the down payment shall not be less than 60% of the total purchase price, while the interest rate of such loan shall not be lower than 1.1 times of the benchmark interest rate. In any city, local families who already own a residential property, or non-local families who can provide the proofing documents of the payment of local tax or social insurance for certain years may only purchase one residential property (including new commodity apartments and second-hand properties). Local families who already own two or more properties or non-local families who fail to provide the proofing documents of the payment of local tax or social insurance for specified periods may not purchase any property in that city.

The Regulation on Clear Pricing of Commercial Property (《商品房銷售明碼標價規定》) (Fagaijiage [2011] No.548) promulgated by NDRC on March 16, 2011, which took effect on May 1, 2011, provides:

- property developers and intermediary service agencies within the territory of the PRC ("business operators of commodity housing") shall sell newly built commodity housing at expressly marked prices in accordance with these Provisions. Intermediary service agencies shall sell second-hand housing at expressly marked prices with reference to these provisions;

- competent price departments of governments at all levels shall be the organs for administration of sales of commodity housing at expressly marked prices, and shall conduct supervision and inspection, in accordance with the law, over the compliance by business operators of commodity housing with the requirements for clear indication of prices and public notice of the charges;

- property business operators with the pre-sale license and those selling completed housing shall expressly indicate the prices of the housing when disclosing the housing resources;

- a business operator of commodity housing shall place price tags, price lists or price brochures in eye-catching places of property transaction venues, and may, where conditions permit, adopt other means such as electronic information screens, multimedia terminals or computer inquiry at the same time. Prices expressly marked through multiple means mentioned above shall be consistent with one another;

- when marking the price of a commodity housing, the seller shall make sure that all chargeable items are disclosed, that the price is true, definite and marked in a legible and eye-catching manner, and that the number of the complaint hotline of the competent pricing department is given; and

- in the sales of commodity housing, one unit shall be given one expressly marked price, and business operators of commodity housing shall clearly mark the price of each housing unit. Where a unit is priced according to its floor area or built-in floor area, the price per floor area or the price per built-in floor area shall also be given.

The Notice on Continuing Adjustment and Control of Property Markets (《關於繼續做好房地產市場調控工作的通知》) (Guo Ban Fa [2013] No.17, hereinafter referred to as the "No.17 Notice") promulgated and implemented by the General Office of the State Council on February 26, 2013 provides:

- Continuing to enforce purchase restrictions imposed on commodity housing

  All administrative regions of a city subject to purchase restrictions shall be covered under such restrictions. Types of houses subject to purchase restrictions shall include all newly-constructed commodity housing and second-hand housing. The house purchase eligibility shall be examined before the conclusion of a house purchase contract (or a letter of purchase intent). For the time being, houses within the administrative regions of a city shall not be sold to a family without local household register that already owns one or more houses, and a family without local household register that is unable to provide proofs for a certain number of consecutive years of local tax payment or social insurance contribution. For cities with soaring housing prices, the local branches of the PBOC may further raise the percentage of the minimum down payment and loan interest rates for second-home purchases according to policy requirements and the price control targets determined by local people's governments for newly-constructed commodity housing. Tax authorities shall closely cooperate with departments of housing and urban-rural development to levy individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income in strict accordance with the law if the original value of the houses sold can be verified through historical information such as tax collection and house registration.

- Increasing supply of ordinary commodity housing and land for property construction

  In principle, total supply of land for housing construction in 2013 shall not be less than the average actual supply over the past five years. Where more than 70% of the total units developed and built under an ordinary commodity housing construction project are small- and medium-sized units, banking financial institutions shall give priority to supporting its credit needs for project development as long as credit extension conditions are satisfied.

- Strengthening expectation management of property market

  Starting from 2013, all regions shall raise the pre-sale threshold for commodity housing. All regions shall earnestly strengthen the management of the funds obtained from pre-sales, and improve regulatory systems in this regard. Regions that have not yet implemented regulation of the funds obtained from pre-sales shall accelerate the pace for formulating their respective regulatory measures for funds obtained from commodity housing pre-sales. The issuance of pre-sale permits may be temporarily suspended for commodity housing projects that command excessively high prices in their pre-sales programs and that refuse to be directed by the departments of housing and urban-rural development of the relevant cities, or commodity housing projects for which the funds obtained from pre-sales are not regulated.

- Strengthening the credit management of property developers

  Relevant departments shall establish a joint action mechanism to mete out heavier punishments against property developers that possess idle land, engage in land speculation, hoard properties, drive up prices or commit other illegalities or irregularities. Departments of land and resources shall prohibit such property developers from bidding for new land plots, banking financial institutions shall not grant loans for their new development projects, securities regulatory authorities shall suspend the approval of their applications for listing, refinancing or major asset restructuring, and banking regulatory authorities shall prohibit them from raising funds through trust schemes. Tax authorities shall reinforce the collection and administration of the land appreciation tax, and conduct collection audit and inspection in strict accordance with relevant provisions.

The Notice about Forwarding Notice of the General Office of the State Council on Continuing Adjustment and Control of Property Markets issued and implemented by the General Office of the People's Government of Guangdong Province (《廣東省人民政府辦公廳轉發國務院辦公廳關於繼續做好房地產市場調控工作的通知》) (Yue Fu Ban [2013] No.11) on March 25, 2013 sets forth specific measures for carrying out and implementing the No.17 Notice, including the following:

- Effectively implementing the accountability system for stabilizing housing prices

  Guangzhou and Shenzhen municipalities shall, in accordance with the principle of maintaining basic stability of housing prices, determine the annual price control targets for newly-constructed commodity housing in 2013, register such targets with the relevant government departments and announce such targets to the public before the end of March 2013.

- Firmly enforcing purchase restrictions imposed on commodity housing

  Individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income shall be strictly levied.

  Guangdong, Shenzhen, Zhuhai and Foshan municipalities shall continue to strictly enforce purchase restrictions policies for residential housing, and the existing restrictions policies which are not inconsistence with the No.17 Notice shall be adjusted immediately.

- Increasing supply of small and medium-sized ordinary commodity housing and land for property construction

  Relevant departments of cities above prefectural level shall announce to the public their annual housing supply plans for 2013, and register the plans with the provincial department of land resources.

  A fast-track administrative examination and approval channel for construction projects of small and medium-sized ordinary commodity housing with units which are below 90 sq.m. shall be established. Land supply, construction and delivery for sales of the projects of small and medium-sized ordinary commodity housing shall be accelerated.

- Strengthening the supervision and management of the property market

  Provisions regarding management of pre-sales of commodity housing indicated in Administrative Regulations of Guangdong Province on Pre-sales of Commodity Housing (《廣東省商品房預售管理條例》) shall be strictly implemented. Regions where necessary conditions are satisfied shall raise the pre-sale threshold for commodity housing.

***Local Restrictive Measures***

The following discussion relates to measures adopted by various cities in which we operate to restrict local property purchases. As of the Latest Practicable Date, Shantou, Dongguan, Lingshui and Zhongshan had not issued laws or regulations restricting property purchases.

**Shenzhen**

Pursuant to the Circular of the Office of Shenzhen People's Government on Further Improvement of Control over Our Real Estate Market to Guarantee the Annual Target of Controlling New Housing Price (《深圳市人民政府辦公廳關於進一步做好我市房地產市場調控工作確保年度新建住房價格控制目標的通知》) (Shen Fu Ban [2011] No.30) promulgated and implemented by the Shenzhen People's Government on March 29, 2011, the tax payment proof provided by any household without a local registered residence of Shenzhen at the time of home purchase must fulfill the condition of continuous payment in the recent 12 months or more (excluding delayed payment). For the social insurance payment proof provided by any household without a local registered residence at the time of home purchase, it must satisfy one of the following conditions: (i) the continuous payment of pension and medical insurance in the recent 12 months or more; (ii) the continuous payment of pension and work injury insurance in the recent 12 months or more; and (iii) the continuous payment of medical insurance and work injury insurance in the recent 12 months or more.

The Notice of the General Office of People's Government of Shenzhen City on Continuing Adjustment and Control of Property Markets (《深圳市人民政府辦公廳關於繼續做好房地產市場調控工作的通知》) (Shen Fu Ban [2013] No.12 ) issued and implemented on March 28, 2013 sets forth specific measures for carrying out the No.17 Notice and No.11 Notice, including the following:

- **Strengthening the levy of tax on property**

  Individual income tax payable on the sales of owner-occupied houses shall be strictly enforced pursuant to the No.17 Notice. Property appraisal methods shall be improved to exert active effects on levying tax on property. Collection and administration of taxes on transactions involving existing housing inventory shall be continued to strengthen, and timely and appropriate adjustments to property appraisal prices shall be conducted in accordance with the housing price changes.

- **Strictly implementing differentiated credit extension policies based on housing types**

  The Central Sub-branch of the PBOC may adjust the percentage of the minimum down payment and loan interest rates for second-home purchases according to policy requirements and the price control targets determined by Shenzhen City for newly-constructed commodity housing when necessary.

- **Strictly enforcing the purchase restrictions imposed on commodity housing**

  Department of urban planning and land resources shall strengthen cooperation with departments for tax, civil administration, public security, social security and others to realize information sharing and to stop circumvention of purchase restrictions through remedial payments of social security, multiple household registers or other methods. Relevant departments shall strengthen investigations and punishments on irregularities and violations, such as providing false information, using deceptive means to obtain the filing for pre-sale contracts or and property transfer registrations, in order to firmly curb property speculation.

- **Further strengthening the market regulation and expectation management of the property market**

  The credit management system of property industry shall be further improved. Unlawful sales shall be recorded into the relevant property enterprise's credit files, and shall be resolved according to relevant regulations.

***Guangzhou***

Pursuant to the Implementation Opinion of the Office of Guangzhou People's Government on Relevant Matters about the Implementation of the Circular of the Office of State Council on the Further Improvement of Control over the Real Estate Market (《廣州市人民政府辦公廳關於貫徹國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知的實施意見》) (Sui Fu Ban [2011] No.3) promulgated by Guangzhou People's Government on February 23, 2011, it temporarily was stipulated for Guangzhou from the date of issuing this opinion that any household with a local registered residence which has already owned one residence and any household without a local registered residence which is able to produce a local tax payment certificate or a proof of social insurance contribution for more than one year in total within two years shall be restricted to purchasing one residence (including newly constructed commodity housing and second-hand housing) within a specified period. In respect of any household with a local registered residence which has already owned two or more residences, any household without local registered residence which has already owned one or more residence(s), and any household without a local registered residence which is unable to provide a local tax payment certificate or a proof of social insurance contribution for more than one year in total within two years, no houses shall be sold to them within its own city for the time being. For any foreign institution's and individual's purchase of commodity housing, it must be strictly subject to relevant policies of the country. No registration for real estate will be made for any home purchase in breach of relevant provisions. Any person without a local registered residence who fulfills the conditions of high-level talent specified in the Opinions of the Guangzhou People's Government of the Party Committee of Guangzhou, PRC on Faster Attracting and Cultivating High-level Talents (《中共廣州市委廣州市人民政府關於加快吸引培養高層次人才的意見》) (Sui Zi [2010] No.11) has no residence in Guangzhou may purchase one residence.

Opinions on Implementation of the Notice about Forwarding Notice of the General Office of the State Council on Continuing Adjustment and Control of Property Markets issued and implemented by General Office of the People's Government of Guangdong Province issued and implemented by General Office of the People's Government of Guangzhou Municipality (廣州市人民政府辦公廳關於貫徹廣東省人民政府辦公廳轉發國務院辦公廳關於繼續做好房地產市場調控工作通知的實施意見) (Sui Fu Ban [2013] No.14) on March 31, 2013 set forth more specific measures for adjustment and control of property market under the No.17 Notice and No.11 Notice, including the following:

- **Effectively implementing the accountability system for stabilizing housing prices**

  Rises in prices of newly-constructed commodity housing (excluding affordable housing) should be lower than actual rises in capita disposable income of urban residents in Guangzhou.

- **Firmly enforcing purchase restrictions imposed on commodity housing**

  A family without local household register that is able to provide proofs for one consecutive year of local tax payments or social insurance contributions within two years before the date of purchase is limited to purchasing one house (including newly-constructed commodity housing and second-hand housing). A family without local household register shall not purchase houses through certifications of remedial payments of local tax or social insurance.

  The Guangzhou branch of the PBOC may further raise the percentage of the minimum down payment and loan interest rates for second-home purchases according to policy requirements and the price control targets for newly-constructed commodity housing in Guangzhou in 2013.

  Individual income tax payable on the sales of owner-occupied houses shall be strictly enforced pursuant to the No.17 Notice. The collection and administration of the land appreciation tax shall be reinforced, and collection of the land appreciation tax of property projects shall be conducted with increased efforts.

- **Increasing supply of small and medium-sized ordinary commodity housing and land for property construction**

  The land supply for affordable housing and middle to low-priced, small and medium-sized units housing should be not lower than 70% of the total land supply for housing. Land supply for low-density housing with volume ratios equal to or lower than one shall be prohibited.

  A fast-track administrative examination and approval channel for construction projects of small and medium-sized ordinary commodity housing which are below 90 sq.m. shall be established. Where more than 70% of the total units developed and built under an ordinary commodity housing construction project are small and medium-sized units, banking financial institutions shall give priority to supporting the project's credit needs as long as credit extension conditions are satisfied.

- **Strengthening the market regulation and expectation management of the property market**

  The issuance of pre-sale permits may be temporarily suspended for commodity housing projects that command excessively high prices in their pre-sale programs and that refuse to be directed by the land resources and housing administrative departments.

Guangzhou's Land Resources and Housing Administrative Bureau shall take the lead and cooperate with departments for industry and commerce, price control, construction and other departments to increase rectifications and regulations of the order of property market, to focus on investigating illegalities and irregularities such as violations of housing purchase restriction policies, unlawful sales, unlawful property brokerage, driving up prices and publishing false advertisements.

***Nanning***

Pursuant to the Circular of the Office of Nanning People's Government on Further Improvement of the Control over the Real Estate Market (《南寧市人民政府辦公廳關於進一步做好房地產市場調控工作的通知》) (Nan Fu Ban [2011] No.61) promulgated by the Nanning People's Government on March 24, 2011, Nanning will implement the home purchase restrictions. The authorities will continue to properly carry out the policy of limiting the number of houses for purchase by household livings in the urban area of the city, and discourage investment and speculation in the housing market as well as prevent the surge of property price through directing consumers to making reasonable purchases of residential properties.

The Notice of General Office of the People's Government of Nanning City on Continuing Adjustment and Control of Property Markets (《南寧市人民政府辦公廳關於繼續做好房地產市場調控工作的通知》) (Nan Fu Ban [2013] No.58) issued and implemented on April 10, 2013 sets forth specific measures for carrying out and implementing the No.17 Notice, including the following:

- **Continuing to strictly enforce the purchase restrictions imposed on common commodity housing**

  Departments for tax, civil administration, public security, social security and other departments shall further improve their working mechanism for information sharing, examinations and verifications. Examinations and verifications regarding property purchaser's eligibility shall be strengthened. Ineligible property purchasers shall not be allowed to register their houses with the competent housing registration authority. Property developers, property brokers and their employees shall be suspended from online signing and transaction applications if they violate relevant policies, abet or aid the forgery of property purchasers' evidentiary materials, or gain property purchasers' eligibility by fraud, In addition, the irregularities of the foregoing property developers, property brokers and their employees shall be recorded into their credit files, and the violators shall bear relevant legal liabilities.

- **Improving the policies of differentiated credit extension based on housing types**

  The credit extension polices applicable to second-home purchases (and all subsequent purchases) shall be strictly complied with and speculative housing purchases shall be firmly curbed. Borrower qualification examinations shall be strengthened and household housing registration records and borrowers' credit records shall be investigated strictly as required. Loans to borrowers who fail to meet the requirements of credit extension policies are prohibited.

- **Utilizing the adjustment effect of tax policies**

  Departments for administration of tax and housing shall cooperate closely to carry out China's various tax policies regarding sales of houses by individuals. Individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income shall be levied in strict accordance with applicable laws if the original value of houses sold can be verified through historical information such as tax collection and administration, housing registration or other means. If the original value of houses sold cannot be verified, the individual income tax payable on the sales of owner-occupied houses shall be levied through the verification collection method according to applicable laws. Sales of owner-occupied houses which have been used by the relevant individuals for more than five years as the only residences of their families shall be exempted from individual income tax.

- **Strictly enforcing the eligibility examination to land bidders**

  Land bidders and their controlling shareholders shall be prohibited from land biding activities if they are involved in criminal activities such as obtaining land use rights through forging official documents and illegal resale of land, illegal activities such as unlawful transfer of land use rights, breaching conditions provided in land use right transfer contracts when developing the relevant land, hoarding properties and driving up land prices, defaulting in payment of land premium and possessing idle land.

- **Strengthening supervision over supplied residential land**

  Changing the use of residential land obtained through "bidding, auction and listing" shall be strictly prohibited. In the case that the invested amount in a property development project is not over 25% of the aggregate investment (excluding the land premium ), transfer of land and the land development project provided in relevant land use right contract by any means is prohibited.

- **Strengthening pre-sales of commodity housing**

  With respect to commodity housing projects that have been issued with pre-sale permits, the relevant property developers shall publicize all the commodity houses that are allowed for sales within 10 days. The pre-sale funds of the foregoing projects shall be supervised by relevant regulatory authorities and usage of such funds in commodity housing construction shall receive priority in order to ensure that such pre-sale commodity housing projects will be completed and delivered on schedule.

***Chengdu***

Pursuant to the Implementation Opinion of the Department of Housing Management of Chengdu, NDRC of Chengdu, Financial Bureau of Chengdu, Land Bureau of Chengdu, and Finance Office of Chengdu on the Implementation of the State Council's requirements for Further Speeding Up the Housing-Security Program and Improving Control over the Real Estate Sector (《成都市房管局、成都市發改委、成都市財政局、成都市國土局、成都市金融辦關於貫徹落實國務院進一步加快推進住房保障做好房地產調控工作要求的實施意見》) (Chengfangfa [2011] No.7) promulgated and implemented on February 15, 2011, the policy of home purchase restriction will be carried out temporarily in the major urban area of Chengdu. Any household of Chengdu with a local registered residence in the major urban area which has already owned one residence may purchase the second residence (including newly constructed commodity housing and second-hand housing, the same below) but shall not purchase the third residence for the time being. Any household without a local registered residence in its local major urban area of Chengdu may purchase one residence upon providing local tax payment certificate or a proof of social insurance contribution, but shall not purchase the second residence. Any household without a local registered residence which are unable to produce a local tax payment certificate or a proof of social insurance contribution shall not purchase any residence in its local major urban area for the time being.

***Foshan***

Pursuant to the Circular of the Office of the Foshan People's Government on the Implementation of the State Council's Real Estate Control Policy for Further Facilitating the Stable and Healthy Development of the Real Estate Market (《關於貫徹國務院房地產調控政策進一步促進佛山市房地產市場平穩健康發展的通知》) promulgated by the Foshan People's Government on March 18, 2011 (Fo Fu Ban [2011] No.28), the measure of home purchase restrictions is carried out in the administrative area of Foshan. It, in principle, stipulated that any household of Foshan with a local registered residence which has already owned one residence and any household without a local registered residence in Foshan which is able to produce a local tax payment certificate or a proof of social insurance contribution for more than one year may purchase one residence. In respect of any household with a local registered residence in Foshan which has already owned two or more residences, any household without local registered residence which has already owned one or more residence(s), and any household without a local registered residence which is unable to produce a local tax payment certificate or a proof of social insurance contribution for more than one year, no houses shall be sold to them within its own administrative area for the time being (from the issuance date of the document).

***Zhuhai***

Pursuant to the Circular of the Office of the Zhuhai People's Government on Deep Implementation of Control over the Real Estate Market (《珠海市人民政府辦公室關於深入開展房地產市場調控工作的通知》) promulgated on October 31, 2011, effective from November 1, 2011, any household (including current soldiers and armed police households stationed in Zhuhai) with a local residence and any household without a local registered residence which is able to produce a local tax payment certificate or a proof of social insurance contribution for more than one year in total accumulated from two years before the date of home purchase may only purchase one additional commodity housing in the major urban area of Xiangzhou. In respect of any household without a local registered residence which is unable to produce a local tax payment certificate or a proof of social insurance contribution for more than one year in total accumulated from two years before the date of home purchase, no houses shall be sold to them within Xiangzhou for the time being.

***Huizhou***

The Notice on Continuing Adjustment and Control of Property Markets issued by the Office of the Huizhou People's Government (惠州市人民政府辦公室關於繼續做好房地產市場調控工作的意見) (Hui Fu Ban [2013] No.53) on July 19, 2013 provides:

- **Strictly enforcing the policies of differentiated housing credit extension**

  Banking financial institutions and housing fund management centers shall strictly carry out the housing credit extension policies according to the No.17 Notice. Banking financial institutions shall further implement the percentage of the minimum down payment and loan interest rates for first-time home purchases, and shall strictly carry out housing credit extension policies for second (or further) home purchases. The examination of qualifications of the borrowers shall be reinforced. The housing registration records of property purchasers and the credit records of the borrowers shall be strictly verified according to relevant rules. Loans shall not be extended to borrowers who do not meet the requirements of laws, regulations or policies.

- **Strengthening the levy of tax on property**

  Departments of tax administration shall strictly carry out various national tax policies regarding sales of houses by individuals, and shall further consummate the system for evaluation of housing stocks, firmly plug tax loopholes caused by two different contracts for one subject matter, strengthen the levy and settlement of the land appreciation tax.

- **Increasing supply of small and medium-sized ordinary commodity housing**

  The land supply for small and medium-sized ordinary commodity housing should be not lower than 70% of the total land supply for housing. A fast-track administrative examination and approval channel for construction projects of small and medium-sized ordinary commodity housing which are below 90 sq.m. shall be established. The land supply, construction and listing of small and medium-sized ordinary commodity housing shall be accelerated.

- **Further strengthening the market regulation of the property market and consummating the information release mechanism**

  The pre-sales of commodity housing shall be strengthened, and a joint linkage mechanism between departments for land resources, housing and urban-rural planning, housing administration, industry and commerce, tax, price control, public security, and urban management shall be established, in order to fully strengthen the investigation and penalization of illegal behaviors on commodity housing constructions and sales, and the protection of rights and interests of consumers. The pre-sales of commodity housing management shall be strengthened, and the pre-sales of commodity housing without pre-sale permits shall be prohibited. The property developers shall be guided to set reasonable housing prices. The property agents shall be regulated, and the management of commodity housing sales contracts shall be strengthened. The system on filing of advertisements for pre-sales of commodity housing shall be established and consummated. The management of funds for pre-sales of commodity housing shall be strengthened, and the relevant regulatory system shall be consummated, to ensure that the funds for pre-sales of commodity housing are used for subsequent constructions.

## CIVIL AIR DEFENSE PROPERTY

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

## ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for property development 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》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form must be submitted by the developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

## OVERSEAS LISTING

Pursuant to the Provisions on Mergers and Acquisitions of a Domestic Enterprise by Foreign Investors (關於外國投資者併購境內企業的規定) (Decree No. 6 [2009] of the MOFCOM) jointly issued by MOFCOM, the State Assets Supervision and Administration Commission, SAT, SAIC, CSRC and SAFE on August 8, 2006, and amended on June 22, 2009 by MOFCOM, a special-purpose company shall mean an overseas company directly or indirectly controlled by a domestic company or natural person in China to materialize overseas listing of the interests in a domestic company actually held by the domestic company or natural person. Where a special purpose company to be listed overseas, the listing shall be proved by the securities regulatory authority under the State Council.

## FOREIGN EXCHANGE CONTROL

Pursuant to the Regulations of the PRC for the Control of Foreign Exchange (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and amended on January 14, 1997 and August 5, 2008, the State shall not restrict regular international payments and transfers. The enterprises may either repatriate their foreign exchange incomes back or deposit the same abroad, and the conditions and terms for repatriating their foreign exchange incomes back or depositing in overseas countries shall be regulated by the administration of foreign exchange under the State Council depending on the balance of international payments and the needs for foreign exchange control. Where the foreign exchange incomes under capital accounts are to be retained or sold to financial institutions which are engaged in settlement and sales of foreign exchange, approvals of foreign exchange control authorities are required, except as otherwise permitted by the state.

Pursuant to the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse 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》) (Huifa

[2005] No.75) (the "Notice No.75") issued by SAFE on October 21, 2005, which became effective on November 1, 2005, prior to establishing or assuming control of a special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

The Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Property Market (《關於規範房地產市場外匯管理有關問題的通知》) (Huifa [2006] No.47) jointly issued by SAFE and the MOHURD on September 1, 2006 provides: (i) where a foreign-invested property enterprise fails to pay the registered capital in full or to acquire a land use rights certificate or to make its capital fund for a development project reach 35% of the total investment to the project, the foreign exchange bureau will not handle its foreign debt registration or approve the conversion of foreign debt; (ii) where a foreign organization or individual acquires a domestic property enterprise, if it (he) fails to pay the transfer price in a lump sum by its (his) own fund, the foreign exchange bureau will not handle the registration of foreign exchange income from transfer of equities; (iii) Chinese and foreign investors of a foreign-invested property enterprise shall not reach an agreement including any clause which promises 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 modification of foreign-invested enterprise; and (iv) funds in a foreign exchange account exclusive to foreign investors opened by a foreign organization or individual in a domestic bank shall not be used for property development or operation. The notice also provides for a foreign exchange working process related to branches of overseas institutions established within China, overseas individuals, Hong Kong, Macau or Taiwan residents and overseas Chinese purchasing or selling commodity houses within China.

Pursuant to the General Bureau of SAFE on Relevant Business Operations Issues Concerning Improving the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (Huizongfa [2008] No.142) issued by SAFE on August 29, 2008, a foreign-invested enterprise shall authorize an accounting firm to conduct capital verification before applying for the settlement of the foreign exchange capital. The settled foreign exchange capital shall be merely used for the business approved by the relevant government authorities and shall not be used for equity investment. It is also prohibited to use the settled foreign exchange capital for purchasing domestic property for any purpose other than its own use, unless the enterprise is a foreign-invested property enterprise.

The Notice of the SAFE on Issues Concerning Further Clarifying and Regulating the Foreign Exchange Administration under Some Capital Account (國家外匯管理局關於進一步明確和規範部分資本項目外匯業務管理有關問題的通知) (Huifa [2011] No.45) issued and implemented by SAFE on November 9, 2011 provides that:

- a foreign invested enterprise shall not use RMB funds derived from settlement of foreign exchange capital for domestic equity investment. Where, with the approval of the competent authorities, A foreign invested enterprise of an equity investment type conducts domestic equity investment with its foreign exchange capital or a domestic Chinese-funded enterprise conducts domestic equity investment with foreign exchange funds in its asset liquidation account, the principles for the administration of foreign exchange contributions to A foreign invested enterprise shall apply mutatis mutandis;
- where a foreign invested enterprise pays land use right grant fees with RMB funds derived from settlement of foreign exchange capital, the settlement bank shall require the enterprise to submit a contract on assignment of state-owned construction land, a relevant

advice of non-tax payment and other materials and strictly examine the consistency among the relevant contract, advice of payment and special fiscal account for foreign exchange settlement and payment. A non-real estate foreign-funded enterprise shall not pay the relevant fees for real estate purchased not for its own use with RMB funds derived from foreign exchange settlement; and

- a foreign invested enterprise shall not grant entrusted loans, repay inter-enterprise loans (including advances from a third party) or repay bank loans on-lent to a third party with RMB funds derived from settlement of foreign exchange capital.

## OUR HISTORY

### *General*

Our Company was incorporated in the Cayman Islands on May 14, 2010 and, as a part of the Reorganization, it became the ultimate holding company of our various subsidiaries. Prior to the incorporation of our Company and completion of the Reorganization, our business was conducted by our predecessors, namely Guangdong Logan (Group) and Logan Real Estate.

### *History and Development*

Our Group was founded in 1996, when we first established ourselves in the real estate development industry in Shantou, PRC through Guangdong Logan (Group), and Mr. Ji, one of our Controlling Shareholders, our chairman and executive Director, became its majority shareholder in 2000. The source of funding in establishing our Group came from the personal wealth accumulated from Mr. Ji's construction business prior to the establishment of the Group. In 2003, Guangdong Logan (Group), which was then majority owned by Mr. Ji and principally engaged in, among others, constructions of properties, established Logan Real Estate to engage in the residential properties development business. Immediately prior to the Reorganization, Guangdong Logan (Group) was owned as to 88% and 12% by Mr. Ji and an associate of Mr. Ji, whilst Logan Real Estate was owned as to 96.67%, 1.97% and 1.36% by Guangdong Logan (Group), Huizhou Daya Bay Yuen Ming Real Estate Co., Ltd. (惠州大亞灣潤銘置地有限公司) (a company owned as to 60% by an associate of Mr. Ji and 40% by Mr. Ji Jiande, our executive Director) and a group of 14 other individuals, respectively. As of the Latest Practicable Date, the principal business activities of Guangdong Logan (Group) and Logan Real Estate were investment in expressway build-operate-transfer and infrastructure build-transfer projects and hotel and commercial property development, respectively. In 2008, Shenzhen Youkaisi was established by Logan Real Estate and was principally engaged in investment holding and provision of consultancy services. In 2009, we commenced a series of onshore reorganization to further consolidate our residential properties development business. Upon completion of which, all of the residential properties development businesses were transferred from Logan Real Estate to Shenzhen Youkaisi. Furthermore, in 2011, we completed the acquisition of Shenzhen Youkaisi and since then a group of our PRC subsidiaries principally engaged in the development of residential properties have become wholly owned by Shenzhen Youkaisi. Shenzhen Youkaisi has since then become our principal operating subsidiary which in turn holds various other project companies established in the PRC. For further details, please refer to the section entitled "History and Reorganization—Our Corporate Reorganization" in this document.

As of the Latest Practicable Date, our Group had 27 operating subsidiaries which were principally engaged in property development in the PRC to develop specific residential property projects. The following table illustrates the corporate information of our operating subsidiaries:

| | Name of Subsidiary | Date of incorporation | Effective equity interest owned by our Company |
|---|---|---|---|
| 1. | Chengdu Property | October 15, 2010 | 100% |
| 2. | Dongguan Property | August 17, 2009 | 100% |
| 3. | Dongguan Realty | February 26, 2013 | 100% |
| 4. | Dongzhen Property | February 27, 2007 | 100% |
| 5. | Foshan Chancheng | December 13, 2012 | 100% |
| 6. | Foshan Nanhai | January 23, 2013 | 100% |
| 7. | Foshan Runjing | June 20, 2013 | 100% |
| 8. | Guangzhou Property | March 28, 2007 | 100% |
| 9. | Guangzhou Realty | March 20, 2008 | 100% |
| 10. | Hainan Jinjun | January 20, 2011 | 100% |
| 11. | Huizhou Daya Bay | October 18, 2007 | 100% |
| 12. | Huizhou Property | September 30, 2009 | 100% |
| 13. | Logan Sunshine (1) | March 30, 2012 | 66% |
| 14. | Nanning Jinjun | October 12, 2009 | 100% |
| 15. | Nanning Junchi | November 19, 2012 | 100% |
| 16. | Nanning Property | April 28, 2006 | 100% |
| 17. | Shantou Jiarun Property | August 18, 2004 | 100% |
| 18. | Shantou Jinfengyuan | May 30, 2008 | 100% |
| 19. | Shantou Jinjun | March 26, 2013 | 100% |
| 20. | Shantou Logan Property | January 28, 2008 | 100% |
| 21. | Shantou Realty | December 17, 2009 | 100% |
| 22. | Shenzhen Logan Property | May 29, 2003 | 100% |
| 23. | Shunde Realty | April 17, 2008 | 100% |
| 24. | Zhongshan Jinjun | January 6, 2013 | 100% |
| 25. | Zhongshan Junchi | May 23, 2013 | 100% |
| 26. | Zhongshan Property | February 25, 2007 | 100% |
| 27. | Zhuhai Property | June 18, 2007 | 100% |

*Note:*

(1) Logan Sunshine is 66% owned by Shunde Realty and 34% owned by Guangdong Nanhai Luonan Enterprises Group.

### *Significant Milestones*

Since the establishment of Guangdong Logan (Group), one of our predecessors, in 1996, we have progressed from a property developer focusing primarily in Shantou to a property developer with further footprints across other cities in Guangdong, Guangxi, Sichuan and Hainan provinces.

The following highlights our significant development milestones:

| | |
|---|---|
| 1996 | Commenced our business through Guangdong Logan (Group) in the real estate development industry and established ourselves primarily in the property construction industry in Shantou, PRC |
| 2003 | Entered the property development industry in Shenzhen and developed our Shenzhen Sky Palace project |
| 2004 | Entered the property development market in Foshan through Logan Real Estate |
| 2006 | Entered into the property development industry in Nanning and began our cross-province development by extending our footprints to provinces outside Guangdong province |

| | |
|---|---|
| 2007 | Entered the property markets in Guangzhou, Huizhou, Zhuhai and Zhongshan, etc., and had preliminarily implemented our strategic presence within the Pearl River Delta region |
| 2009 | Commenced our onshore reorganization |
| | Entered the property development market in Dongguan |
| 2010 | Expanded into the property development market in Chengdu |
| 2011 | Further expanded into the property development market in Lingshui |
| | Completed the acquisition of Shenzhen Youkaisi |

## OUR CORPORATE REORGANIZATION

In preparation for the [●], we underwent the Reorganization, which commenced on November 2, 2009 when our Group first conducted our onshore reorganization. The onshore reorganization which principally involved acquisitions of our certain PRC subsidiaries by Shenzhen Youkaisi was conducted in two separate phases as a result of the funding plan of Shenzhen Youkaisi for such acquisitions.

### 1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands on May 14, 2010. As of the date of its incorporation, the authorized share capital of our Company was HK$380,000 divided into 3,800,000 shares of HK$0.10 each. Upon incorporation, one Share of HK$0.10 was transferred from Codan Trust Company (Cayman) Limited, being the subscriber of the Company, to Ms. Kei. After the transfer, Ms. Kei held one Share, representing the entire issued share capital of the Company. On November 2, 2012, our Company allotted and issued at par an aggregate of 999 Shares, out of which 939 Shares were allotted and issued to Ms. Kei and 20 Shares were allotted and issued to each of Dragon Jubilee, Gao Run and Thrive Ally, all of which are companies incorporated in the BVI and are wholly owned by Ms. Kei.

Pursuant to the Shareholders' resolution dated November 18, 2013, the authorized share capital of the Company was increased from HK$380,000 to HK$10,000,000,000 divided into 100,000,000,000 Shares of HK$0.10 each.

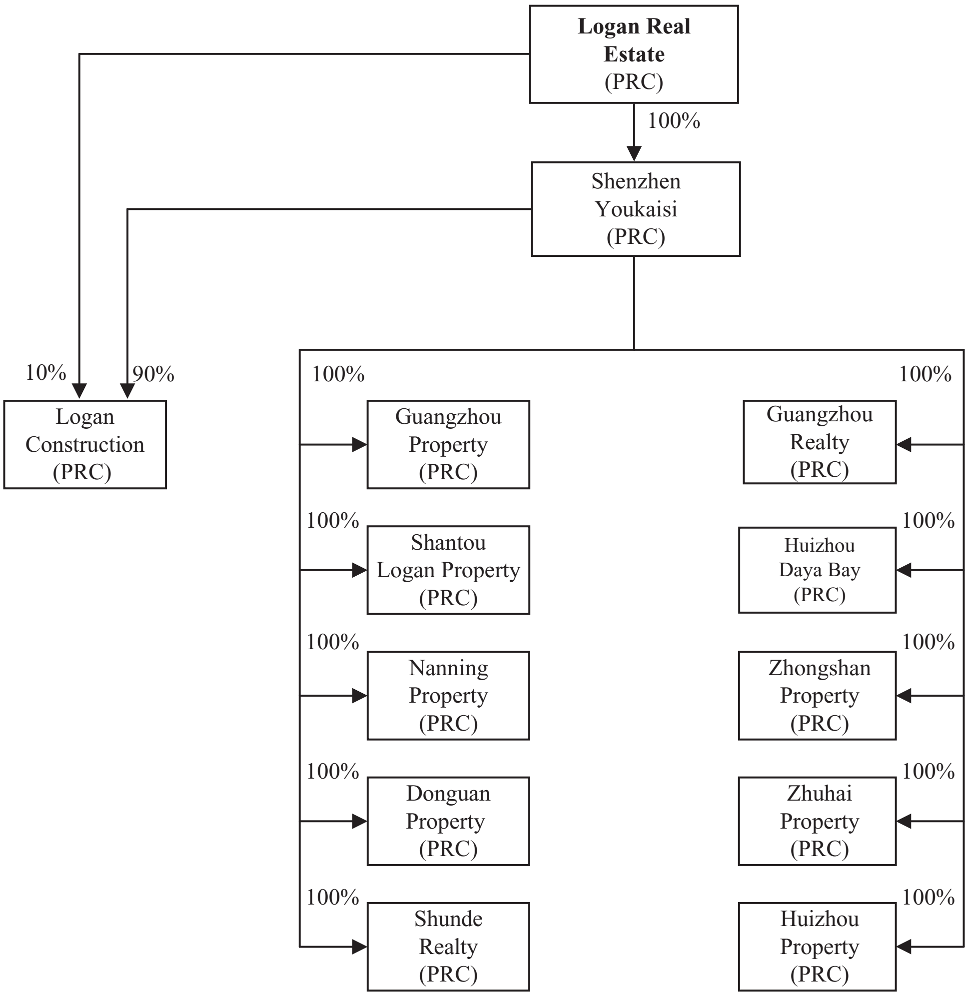
### 2. Acquisition of PRC subsidiaries by Shenzhen Youkaisi

Shenzhen Youkaisi was established in the PRC with a registered capital of RMB1,000,000 on April 1, 2008. At the date of its establishment, it was wholly owned by Logan Real Estate.

To implement our onshore reorganization, on November 2, 2009, Logan Real Estate and Shenzhen Youkaisi entered into various equity transfer agreements. Pursuant to such agreements, Logan Real Estate transferred to Shenzhen Youkaisi all of its 100% shareholding in each of Nanning Property, Zhongshan Property, Zhuhai Property, Guangzhou Property, Guangzhou Realty, Shunde Realty and Shantou Logan Property, and its 90% interest in Logan Construction at a consideration of RMB50,000,000, RMB30,000,000, RMB30,000,000, RMB40,000,000, RMB30,000,000, RMB30,000,000, RMB10,000,000 and RMB72,000,000, respectively. On November 2, 2009, Shenzhen Logan Property and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Shenzhen Logan Property agreed to transfer all of its 100% shareholding in Dongguan Property at a consideration of RMB50,000,000. Further, on November 3, 2009, Logan Real Estate and

Shenzhen Youkaisi entered into further equity transfer agreements. Pursuant to which, Logan Real Estate transferred to Shenzhen Youkaisi all of its 100% shareholding in each of Huizhou Daya Bay and Huizhou Property at a consideration of RMB10,000,000 and RMB30,000,000, respectively. The basis of the consideration for all the above transfers were determined with reference to the then registered capital of the respective company. Each of these transfers was properly and legally completed and settled. On November 9, 2009, the registered capital of Shenzhen Youkaisi was increased from RMB221,000,000 to RMB443,000,000 through the capital injection by the then shareholder, Logan Real Estate.

The shareholding structure upon completion of the above acquisitions of PRC companies by Shenzhen Youkaisi is shown below.




## 3. Acquisition of Shenzhen Youkaisi, Yuen Ming Investments and Noble Rhythm 25% Acquisition

In light of the restrictive measures regarding the PRC real estate market implemented by the PRC government since 2008, Logan Real Estate, one of our predecessors, had then decided to broaden our financing channels by establishing Shenzhen Youkaisi as a foreign-invested enterprise in order to allow for more accessible offshore financing opportunities and provide a long term financing platform to satisfy the Group's continuing working capital needs. From the second half of 2008, Mr. Ji began liaising with Mr. Lam Kwan Hung ("Mr. Lam"), a friend whom Mr. Ji has known for many years, about potential offshore financing channels for the Group, as Mr. Lam had previous investment and business experience in Hong Kong and the PRC and had also indicated that he could assist our Group in accessing offshore financing opportunities including the introduction of foreign investors given his interest in investing in the PRC real estate market and his belief on the prospects of our Group.

As a result, on December 24, 2009, Logan Real Estate entered into an equity transfer agreement with Kam Wang, a company then beneficially owned by Mr. Lam, pursuant to which Kam Wang acquired 25% of the equity interest in Shenzhen Youkaisi (the "25% Acquisition") at a consideration of RMB125,000,000, which was determined with reference to the then value of the equity interest as assessed by an independent valuer. The PRC governmental approval for the 25% Acquisition was obtained on January 13, 2010, which was granted by the SITIC (Shenzhen), the competent authority for approving the transfer of the equity interest in Shenzhen Youkaisi. The 25% Acquisition was completed, with the updated business license evidencing Shenzhen Youkaisi being a foreign-invested enterprise being granted, on February 4, 2010, and payment of the consideration of RMB125,000,000 for the 25% Acquisition was due within three months upon Shenzhen Youkaisi obtaining such updated business license. At the time of the 25% Acquisition, Kam Wang was then wholly owned by Noble Rhythm, which was then in turn wholly owned by Mr. Cheung Hok Ming ("Mr. Cheung"), whom upon completion of the acquisition, was then holding the 25% equity interests in Shenzhen Youkaisi on trust for Mr. Lam and such trust arrangement was made on the request of Mr. Lam which was in line with his previous investment practices.

Each of Mr. Lam and Mr. Cheung is an Independent Third Party and has no other relationship (including business, employment and family relationship) with our Company, its shareholders, directors, senior management and their respective associates. Mr. Lam Kwan Hung is a business acquaintance of Mr. Ji whom Mr. Ji has known for over ten years. Mr. Lam is an experienced businessman and has interests in various businesses, including real estate, logistics and securities investment businesses in Hong Kong and the PRC. Mr. Cheung is a friend of Mr. Ji whom Mr. Ji has known for over ten years since their association in Shantou.

Noble Rhythm was established in the BVI on November 12, 2009 with an authorized share capital of US$50,000 with shares at par value of US$1.00 each. Mr. Lam Kwan Hung became the sole beneficial shareholder of Noble Rhythm on December 7, 2009. The sole asset of Noble Rhythm is the interest in the entire issued share capital of Kam Wang, a company established in Hong Kong with an authorized share capital of HK$10,000 with shares at par value of HK$1.00 each. The sole asset of Kam Wang is the 25% interest in Shenzhen Youkaisi that it acquired for a consideration of RMB125,000,000 under an agreement with Logan Real Estate of December 24, 2009, which was completed on February 4, 2010.

Upon completion of the 25% Acquisition, Shenzhen Youkaisi was 25% owned by Kam Wang and 75% owned by Logan Real Estate.

**75% Acquisition**

After Shenzhen Youkaisi having became a foreign-invested enterprise upon completion of the 25% Acquisition, we intended to further enhance our Group's offshore financing channel by transferring the remaining 75% equity interests in Shenzhen Youkaisi to an offshore entity controlled by Ms. Kei. However, at the relevant time, Ms. Kei was unavailable to attend to the matters regarding such transfer. To capture the financing opportunity presented to our Group at that time by external independent financing providers and to avoid any delay or change of circumstance due to the ever-changing market and/or policy conditions, Mr. Ji therefore sought Mr. Cheung's assistance to conduct such transfer on behalf of Ms. Kei.

On April 17, 2010, Logan Real Estate entered into an equity transfer agreement with Yuen Ming, pursuant to which Yuen Ming acquired 75% of the equity interest in Shenzhen Youkaisi (the "75% Acquisition") at a consideration of RMB375,000,000, which was determined with reference to the then value of the equity interest as assessed by an independent valuer. At the time of such acquisition, Yuen Ming was wholly owned by Yuen Ming Investments, which in turn was wholly owned by Honk Jee Loong, a company wholly owned by Mr. Cheung Hok Ming. Mr. Cheung agreed to, through Honk Jee Loong, hold the shares of Yuen Ming Investments on trust for Ms. Kei since April 17, 2010 for a short period of time until Ms. Kei was available to attend to the matters regarding Shenzhen Youkaisi. On September 9, 2010, Honk Jee Loong transferred to Ms. Kei one share representing the entire issued share capital of in Yuen Ming Investments at par value of US$1.00, and Ms. Kei became the registered shareholder and beneficial owner of Yuen Ming Investments. Upon completion of such transfer, Honk Jee Loong ceased to hold any interest in Yuen Ming Investments. The 75% Acquisition was approved by SITIC (Shenzhen) on September 25, 2010 and Yuen Ming received SAFE approval for the settlement of the consideration for the 75% Acquisition on June 8, 2011. On November 30, 2010, our Company acquired the entire issued share capital of Yuen Ming Investments from Ms. Kei at a consideration of US$1.00. Following the completion of such acquisition, our Company holds the entire issued share capital of Yuen Ming Investments. The 75% Acquisition was completed, with the updated business license being granted, on March 11, 2011. The consideration for the 75% Acquisition was funded by an offshore bank facility obtained by Yuen Ming.

Honk Jee Loong, a company then wholly owned by Mr. Cheung, was an Independent Third Party and had no other relationship (including business, employment and family relationship) with the Company, its shareholders, directors, senior management and their respective associates at the relevant time.

Yuen Ming Investments was incorporated in the BVI on September 19, 2007 with an authorized share capital of US$50,000 with shares at par value of US$1.00 each. At the date of its incorporation, Honk Jee Loong held one share, representing 100% shareholding in Yuen Ming Investments. The sole asset of Yuen Ming Investments is the interest in the entire issued share capital of Yuen Ming, a company incorporated in Hong Kong with an authorized share capital of HK$10,000 with shares at par value of HK$1.00 each. The sole asset of Yuen Ming is the 75% interest in Shenzhen Youkaisi that it acquired at a consideration of RMB375,000,000 under the agreement with Logan Real Estate of April 17, 2010, which was completed on March 11, 2011.

Following completion of the 75% Acquisition, Shenzhen Youkaisi was owned as to 25% by Kam Wang, which was in turn owned by Mr. Lam at the relevant time, and as to 75% by Yuen Ming, which was then indirectly and wholly owned by Ms. Kei.

**Acquisition of 25% interest in Shenzhen Youkaisi by our Group**

Mr. Lam had failed to settle the consideration for the 25% Acquisition upon the due date under the equity transfer agreement as he had cash flow problems due to the then volatile market conditions and the funding commitments for this other businesses at the relevant time. Given the importance of enhancing the financial channels of our Group and retaining the foreign invested enterprise status of

Shenzhen Youkaisi, Logan Real Estate agreed with Mr. Lam to postpone the payment of the consideration for the 25% Acquisition to a later date instead of terminating the 25% Acquisition and converting Shenzhen Youkaisi back into a domestic PRC entity. Despite the then continuous follow up with Mr. Lam by the representative of Logan Real Estate and after a lot of discussions between the parties involved, Mr. Lam still failed to settle the consideration payment for the 25% Acquisition and several agreements were entered into to postponed the payment date for the consideration of the 25% Acquisition. Given the uncertainty of Mr. Lam's ability to settle the relevant payment consideration for the consideration for the 25% Acquisition, Logan Real Estate and the Company has started to explore other funding opportunities for the 25% Acquisition since mid-May 2010. At the same time, Logan Real Estate also started negotiation with third parties on the funding opportunity for the 75% Acquisition. In late 2010, it was mutually agreed between Mr. Ji and Mr. Lam that Ms. Kei could acquire the equity interest relating to the 25% Acquisition from Mr. Lam at a consideration of HK$12,000,000 and settled the consideration amount of RMB120,000,000 for him in order to avoid any further postponement of the payment of the consideration of the 25% Acquisition as well as to preserve the foreign invested enterprise status of Shenzhen Youkaisi.

As a result, on January 21, 2011, our Company acquired the entire issued share capital of Noble Rhythm from Mr. Lam at a consideration of HK$12,000,000. The consideration was agreed between our Company and Mr. Lam upon arm's length negotiation, being the consideration paid by Ms. Kei to Mr. Lam, the then sole shareholder of Noble Rhythm, for his exit from Noble Rhythm, taking into consideration of Mr. Lam's assistance to our Group in the past by introducing financial institutions to our Company as well as the increase in value in the equity interest of Shenzhen Youkaisi. The payment to Mr. Lam's exit did not reflect the consideration amount of RMB125,000,000 when Kam Wang acquired 25% of the equity interest in Shenzhen Youkaisi, which remained unsettled by Kam Wang at the time of the transfer. Subsequently, the amount of RMB125,000,000, which was funded by an offshore bank facility obtained by Kam Wang, was paid by Kam Wang to Logan Real Estate. The transaction regarding the acquisition of Noble Rhythm was conducted on an arm's length basis and based on normal commercial terms. The consideration was settled in cash by Ms. Kei, through her family's financial support, by making a shareholder's loan to our Company. Following completion of such acquisition, our Company holds the entire issued share capital of Noble Rhythm.

On April 27, 2011, Kam Wang received the SAFE approval for the settlement of the consideration of the 25% Acquisition and our Company became the indirect owner of 25% interest in Shenzhen Youkaisi.

**4. Acquisition of other PRC subsidiaries by Shenzhen Youkaisi**

On July 1, 2010, Zhongrong International, Shenzhen Youkaisi and Shunde Realty entered into a capital increase agreement, pursuant to which Zhongrong International injected capital in the amount of RMB5,295,000 into Shunde Realty. The capital increase agreement was entered as part of a short-term project financing arrangement between Shenzhen Youkaisi and Zhongrong International, which involved a transfer of 15% equity interest in Shunde Realty and a pledge of the remaining 85% equity interest in Shunde Realty held by Shenzhen Youkaisi to Zhongrong International, a trust financing institution. Upon completion of such capital injection, Shunde Realty was 85% owned by Shenzhen Youkaisi and 15% owned by Zhongrong International. The trust financing arrangement was entered merely for the financing purpose of Grand View, a residential property project located in the Shunde District of Foshan and to broaden the financing channels of the Group. The transfer of the minority equity interest in Shunde Realty was made so as to enable Zhongrong International to closely monitor and be involved in the project progress and business development of such property project. On August 10, 2011, upon the repayment of the required amount under the trust financing arrangement made by Shenzhen Youkaisi and Zhongrong International, Zhongrong International and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Zhongrong International transferred to Shenzhen Youkaisi all of its 15% equity interest in Shunde Realty at a consideration of RMB5,877,450, which was agreed by the parties on an arm's length basis. Upon completion of such share transfer, Shenzhen Youkaisi becomes the sole shareholder of Shunde Realty and the pledge of the 85% equity interest in Shunde Realty was then released.

On November 1, 2010, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred to Shenzhen Youkaisi all of its 100% shareholding in Nanning Jinjun at a consideration of RMB50,000,000, which was determined by the fair value assessment of the equity as agreed by the parties. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Nanning Jinjun. Subsequently on June 28, 2013, Shenzhen Youkaisi and Nanning Property entered into an equity transfer agreement, pursuant to which Shenzhen Youkaisi transferred its 51% shareholding in Nanning Jinjun to Nanning Property. Upon completion of such equity transfer, Nanning Jinjun is 51% owned by Nanning Property and 49% owned by Shenzhen Youkaisi.

On November 9, 2010, Longfeng Property and Shenzhen Youkaisi entered into an equity transfer agreement and as supplemented by a supplemental agreement dated December 10, 2010, pursuant to which Longfeng Property transferred to Shenzhen Youkaisi all of its 100% shareholding in Shantou Jinfengyuan at a consideration of RMB81,504,520.08, which was determined by the fair value assessment of the equity as agreed by the parties. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Shantou Jinfengyuan.

On December 6, 2010, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred to Shenzhen Youkaisi all of its 100% shareholding in Shenzhen Media Planning at a consideration of RMB2,200,000, which was determined by the fair value assessment of the equity as agreed by the parties. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Shenzhen Media Planning. Shenzhen Media Planning is the sole shareholder of each of Shenzhen Logan Property and Shenzhen Logan Dongzhen Realty, respectively. Shenzhen Logan Dongzhen Realty is the sole shareholder of Dongzhen Property.

On December 31, 2010, Logan Real Estate, Shantou Tinda Laowu and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate and Shantou Tinda Laowu transferred to Shenzhen Youkaisi all their respective 51% and 49% shareholding in Shantou Jiarun Property at a consideration of RMB5,100,000 and RMB4,900,000, respectively, which were determined by the fair value assessment of the equity as agreed by the parties with reference to its net asset value. Upon completion of such equity transfers, Shenzhen Youkaisi becomes the sole shareholder of Shantou Jiarun Property.

On December 31, 2010, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred to Shenzhen Youkaisi its 1% shareholding in Logan Construction at a consideration of RMB800,000, representing the then registered capital of Logan Construction. Upon completion of such equity transfer, Logan Construction is 91% owned by Shenzhen Youkaisi and 9% owned by Logan Real Estate.

Further, on December 31, 2010, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement and as supplemented by a supplemental agreement dated April 1, 2011, pursuant to which Logan Real Estate agreed transfer to Shenzhen Youkaisi all its 100% shareholding in Shantou Realty at a consideration of RMB148,667,496.20, which was determined based on the fair value assessment of the equity as agreed by the parties with reference to its net asset value. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Shantou Realty.

On February 21, 2011, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred to Shenzhen Youkaisi all of its 100% shareholding in Chengdu Property at a consideration of RMB10,000,000, which was determined based on the fair value assessment of the equity as agreed by the parties. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Chengdu Property. Subsequently, on August 29, 2012, Shenzhen Youkaisi and Nanning Property entered into an equity transfer agreement, pursuant to which Shenzhen Youkaisi transferred to Nanning Property its 51% shareholding in Chengdu Property at a consideration of RMB5,100,000, which was determined based on the fair value assessment of the equity as agreed by the parties with reference to its net asset value. Upon completion of such equity transfer, Chengdu Property is 51% owned by Nanning Property and 49% owned by Shenzhen Youkaisi.

On April 12, 2011, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred to Shenzhen Youkaisi its 100% shareholding in Hainan Property at a consideration of RMB20,000,000, which was determined based on the fair value assessment of the equity as agreed by the parties with reference to its net asset value. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Hainan Property. Hainan Property is the sole shareholder of Hainan Jinjun, a company established in the PRC with a registered capital of RMB30,000,000.

On November 22, 2011, Logan Real Estate and Shenzhen Media Planning entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred to Shenzhen Media Planning its 100% shareholding in Logan Century Business at a consideration of RMB100,000,000, which was determined based on the fair value assessment of the equity as agreed by the parties with reference to its net asset value. Upon completion of such equity transfer, Shenzhen Media Planning becomes the sole shareholder of Logan Century Business.

### 5. Establishment of PRC companies

On March 8, 2010, Shenzhen Chenrong Materials was established in the PRC with a registered capital of RMB5,000,000. As of the date of its incorporation, Logan Construction was the sole shareholder of Shenzhen Chenrong Materials.

On March 29, 2011, Shenzhen Decorating Construction was established in the PRC with a registered capital of RMB5,000,000. As of the date of its incorporation, Logan Construction was the sole shareholder of Shenzhen Decorating Construction.

On November 19, 2012, Nanning Junchi was established in the PRC with a registered capital of RMB35,000,000. As of the date of its incorporation, Nanning Property was the sole shareholder of Nanning Junchi.

On December 13, 2012, Foshan Chancheng was established in the PRC with a registered capital of RMB10,500,000. As of the date of its incorporation, Shenzhen Youkaisi was the sole shareholder of Foshan Chancheng.

On January 6, 2013, Zhongshan Jinjun was established in the PRC with a registered capital of RMB10,000,000. As of the date of its incorporation, Zhongshan Property was the sole shareholder of Zhongshan Jinjun.

On January 10, 2013, Shenzhen Logan Investment was established in the PRC with a registered capital of RMB10,000,000. As of the date of its incorporation, Shenzhen Media Planning was the sole shareholder of Shenzhen Logan Investment.

On January 23, 2013, Foshan Nanhai was established in the PRC with a registered capital of RMB10,000,000. As of the date of its incorporation, Shunde Realty was the sole shareholder of Foshan Nanhai.

On February 26, 2013, Dongguan Realty was established in the PRC with a registered capital of RMB10,500,000. As of the date of its incorporation, Shenzhen Logan Investment was the sole shareholder of Dongguan Realty.

On March 26, 2013, Shantou Jinjun was established in the PRC with a registered capital of RMB10,500,000. As of the date of its incorporation, Shantou Logan Property was the sole shareholder of Shantou Jinjun.

On May 23, 2013, Zhongshan Junchi was established in the PRC with a registered capital of RMB10,500,000. As of the date of its incorporation, Shenzhen Logan Investment was the sole shareholder of Zhongshan Junchi.

On June 20, 2013, Foshan Runjing was established in the PRC with a registered capital of RMB10,000,000. As of the date of its incorporation, Shenzhen Logan Investment was the sole shareholder of Foshan Runjing.

On July 16, 2013, Foshan Logan was established in the PRC with a registered capital of RMB10,500,000. As of the date of its incorporation, Shenzhen Logan Investment was the sole shareholder of Foshan Logan.

**6. Incorporation of investment holding companies**

In 2011, five companies, namely Jolly Gain, Tai Ying, Platinum Profit, Golden Prosper and Talent Union were incorporated in the BVI by our Company as investment holding companies.

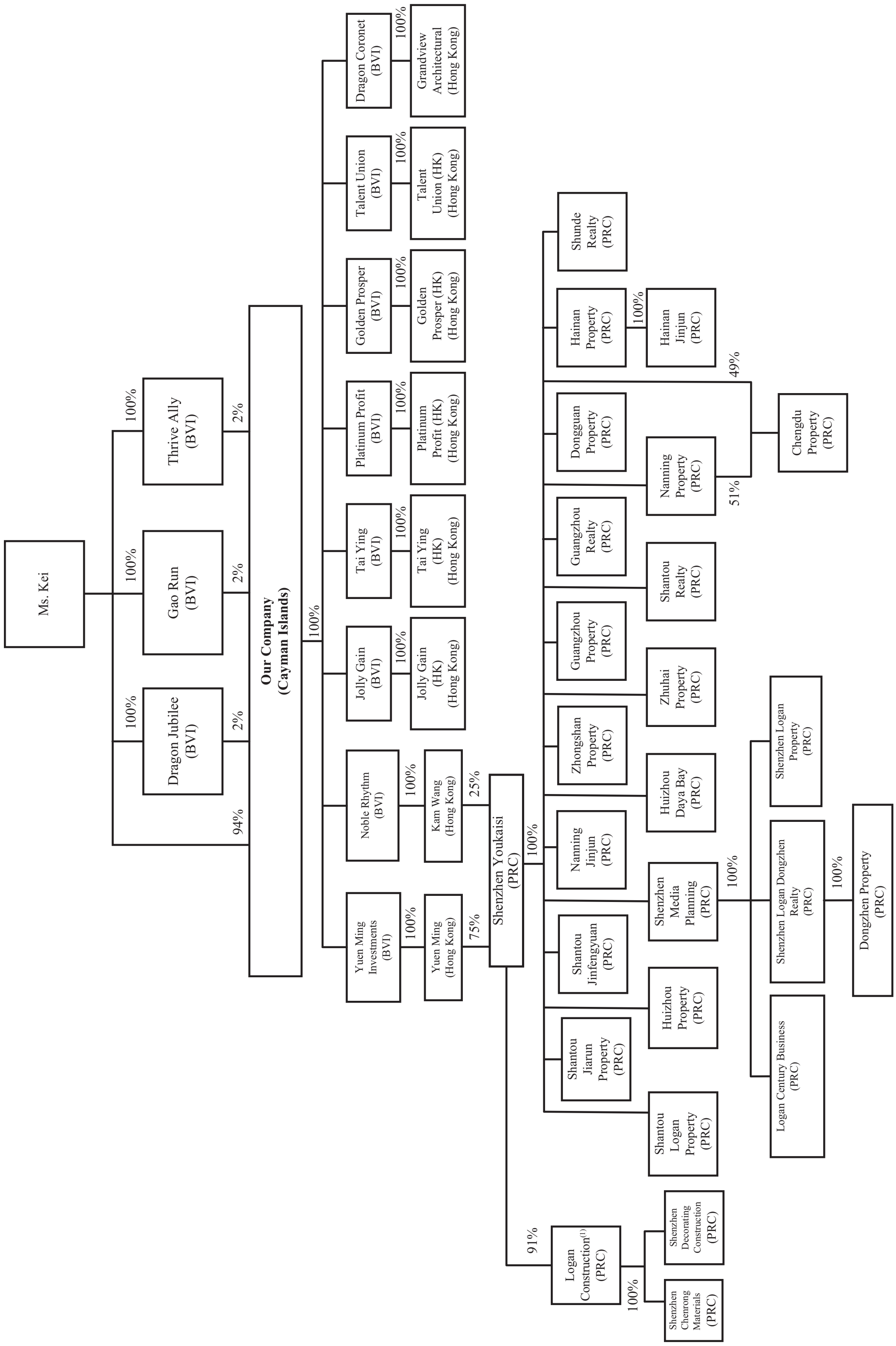
Subsequently, the above five investment holding companies incorporated Jolly Gain (HK), Tai Ying (HK), Platinum Profit (HK), Golden Prosper (HK) and Talent Union (HK) in Hong Kong for investment purposes.

Further, on October 3, 2012, we incorporated Dragon Coronet in the BVI as investment holding company, which in turn subsequently incorporated Grandview Architectural in Hong Kong for investment purposes.

## 7. Allotment of Shares

On November 2, 2012, Ms. Kei applied for, and our Company allotted and issued to Ms. Kei, 939 Shares, at par with a total consideration of HK$93.9 and on the same day, each of Dragon Jubilee, Gao Run and Thrive Ally applied for and our Company allotted and issued to each of Dragon Jubilee, Gao Run and Thrive Ally, 20 Shares at par with a total consideration of HK$6. Immediately after completion of the above allotment and issue of Shares, each of Ms. Kei, Dragon Jubilee, Gao Run and Thrive Ally held 94%, 2%, 2% and 2% of the then issued share capital of our Company. Dragon Jubilee, Gao Run and Thrive Ally are companies wholly owned by Ms. Kei and the Shares allotted and issued to each of Dragon Jubilee, Gao Run and Thrive Ally may be used for the purpose of awarding Shares to employees of the Group pursuant to a scheme our Company may consider and adopt after [●].

Our shareholding structure immediately following completion of the allotment of shares to Dragon Jubilee, Gao Run and Thrive Ally is shown below.




*Note:*

(1) Logan Construction is 91% owned by Shenzhen Youkaisi and 9% owned by Logan Real Estate.

**8. Further acquisition of PRC subsidiaries by Shenzhen Youkaisi**

On January 9, 2013, Logan Real Estate and Shenzhen Youkaisi entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred all of its 100% shareholding in Guangdong Modern Construction at a consideration of RMB8,150,000, which was determined by the net asset value of Guangdong Modern Construction plus premium upon fair value assessment of the value of Guangdong Modern Construction as agreed by the parties. Upon completion of such equity transfer, Shenzhen Youkaisi becomes the sole shareholder of Guangdong Modern Construction.

On March 8, 2013, Logan Real Estate and Shunde Realty entered into an equity transfer agreement, pursuant to which Logan Real Estate transferred all of its 66% shareholding in Logan Sunshine at a consideration of RMB6,930,000, which was determined by the net asset value of Logan Sunshine plus premium upon fair value assessment of the value of Logan Sunshine as agreed by the parties. Upon completion of such equity transfer, Logan Sunshine is 66% owned by Shunde Realty, with the remaining 34% owned by an Independent Third Party.

**9. Declaration of Ms. Kei**

As shown in the shareholding structure of our Group upon completion of the Reorganization, Ms. Kei, our Non-executive Director and one of our Controlling Shareholders, is the ultimate shareholder of our Group. As part of Mr. Ji's succession plan for the business currently carried out by the Group and given that Ms. Kei has relatively limited experience in the real estate business, a declaration was made by Ms. Kei, pursuant to which Ms. Kei declared that despite her shareholdings in our Company, the ultimate control over all major affairs of the Group are being vested in Mr. Ji, the father of Ms. Kei and one of our Controlling Shareholders, and that Ms. Kei had and will continue to act under the instruction of Mr. Ji from time to time with respect to the management of the Group, provided that any such instruction from Mr. Ji shall not conflict with Ms. Kei's fiduciary duty as a Director. These major affairs include but are not limited to matters such as the declaration of dividend, the approval of annual budgets, the approval of accounts and the appointment of auditors.

Further, given that Mr. Ji is our chairman and an Executive Director, he also owes fiduciary duties to our Company and is required to act in the best interest of the Company. In the event that Mr. Ji gives any instruction to Ms. Kei which conflict with Ms. Kei's fiduciary duties as a Director, such instructions would be in conflict with Mr. Ji's own fiduciary duties as a Director. Accordingly, the Company is of view that the circumstances in which Mr. Ji will give instructions to Ms. Kei that will contradict with her fiduciary duties as a Director would be rare.

**10. Establishment of Family Trust**

On April 16, 2013, the BVI Holdco, Junxi Investments Limited, was incorporated by Ms. Kei in the BVI. As of the date of its incorporation, Ms. Kei held one share in BVI Holdco, representing 100% shareholding in BVI Holdco.

On May 15, 2013, Ms. Kei established a trust (the "Family Trust") through a company incorporated in Guernsey, Kei Family United Limited (the "Trust Company"). On May 15, 2013, the

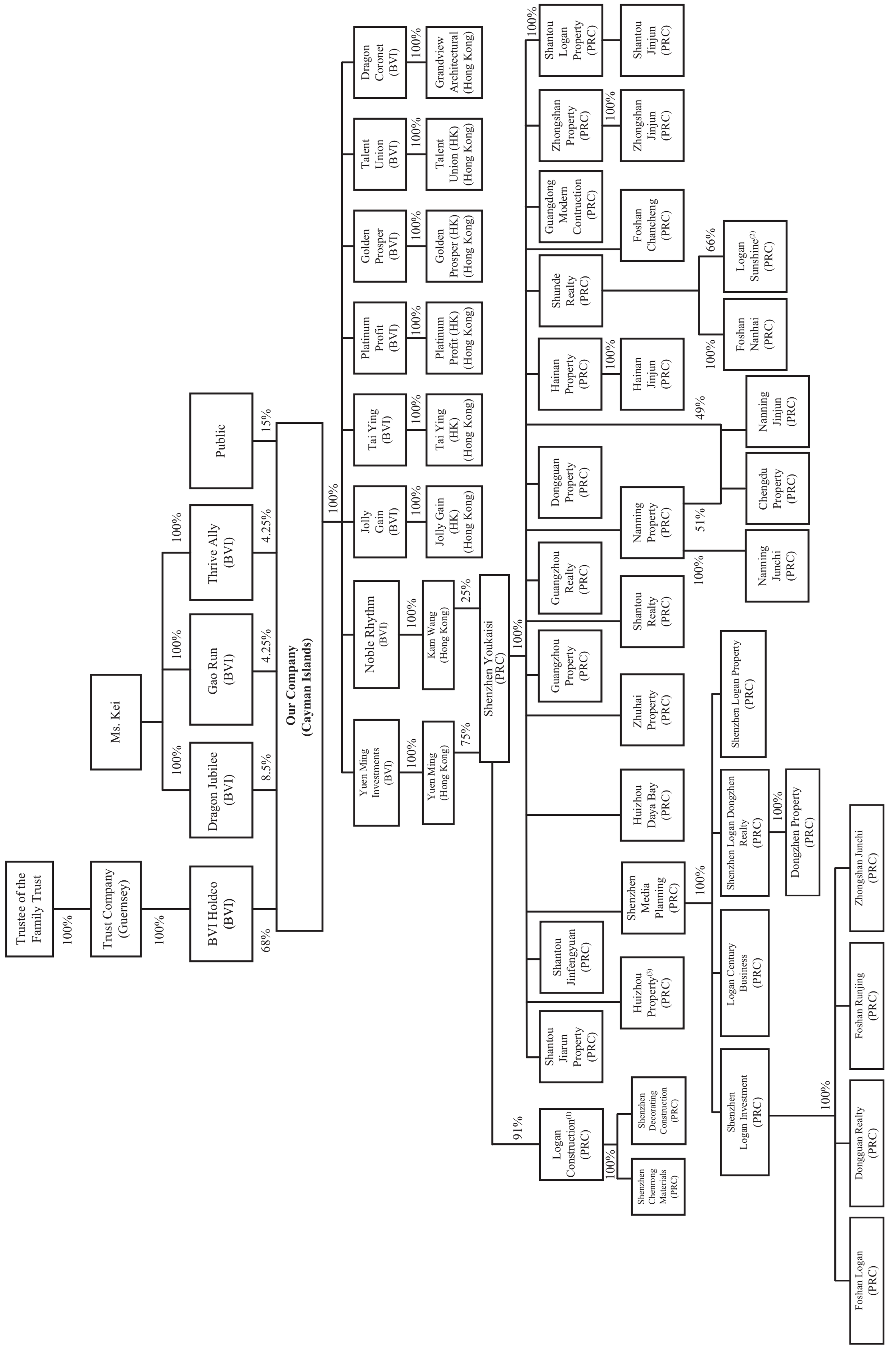
Trust Company acquired the entire interest in BVI Holdco. The Trust Company is a company owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, respectively, which in turn is holding the shares of the Trust Company on behalf of a company incorporated in Guernsey, Credit Suisse Trust Limited (the "Trustee") as trustee of the Family Trust. The beneficiaries of the Family Trust include Ms. Kei and her family member(s) (excluding Mr. Ji).

### 11. Further transfers of Shares to Dragon Jubilee, Gao Run, Thrive Ally and the BVI Holdco

On October 31, 2013, for the purpose of awarding Shares to employees of the Group pursuant to a scheme that our Company may consider and adopt after [●], Ms. Kei further transferred 80 Shares, 30 Shares and 30 Shares to Dragon Jubilee, Gao Run and Thrive Ally, respectively, at nil consideration. Immediately following such transfers, each of Ms. Kei, Dragon Jubilee, Gao Run and Thrive Ally held 80%, 10%, 5% and 5% of the then issued share capital of our Company.

Subsequent to the above, on October 31, 2013, the BVI Holdco acquired from Ms. Kei the 80% interest in our Company at nil consideration. Immediately following such acquisition, each of BVI Holdco, Dragon Jubilee, Gao Run and Thrive Ally held 80%, 10%, 5% and 5% of the then issued share capital of our Company.

Our shareholding structure immediately following completion of the [●] is shown below.




*Notes:*

(1) Logan Construction is 91% owned by Shenzhen Youkaisi and 9% owned by Logan Real Estate.

(2) Logan Sunshine is 66% owned by Shunde Realty and 34% owned by Guangdong Nanhai Luonan Ceramics Enterprises Group (廣東南海羅南陶瓷企業集團).

(3) On August 29, 2013, Shenzhen Youkaisi and Nanning Property entered into an equity transfer agreement regarding the transfer of the 51% equity interest in Huizhou Property held by Shenzhen Youkaisi to Nanning Property. As of the Latest Practicable Date, the registration of such equity transfer with the relevant local counterpart of the SAIC was still in progress. Upon completion of the equity transfer, Huizhou Property will remain as a wholly owned subsidiary of our Group.

## LEGAL COMPLIANCE

### *Registration Process Under the No. 75 Notice*

According to the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "No. 75 Notice") promulgated on October 21, 2005 by SAFE which became effective on November 1, 2005, domestic resident natural persons or domestic resident legal persons are required to register with the competent local branch of SAFE before they establish or control any offshore special purpose vehicles for capital raising with the assets or equity interests of PRC domestic companies owned by them. Pursuant to the No. 75 Notice, the domestic resident natural persons include those individuals who hold PRC citizenship and those individuals who have no PRC identity but reside habitually in the PRC for the purpose of economic interests.

Ms. Kei, our Non-Executive Director and the sole shareholder of each of Dragon Jubilee, Rao Jun and Thrive Ally as well as the settler of the Family Trust, was a national citizen of Saint Christopher and Nevis before she acquired the ultimate control of the interests in our Company. Subsequently in November 2012, Ms. Kei obtained a valid Hong Kong permanent identity card and right of abode in Hong Kong. As advised by our PRC legal advisor, Ms. Kei is not subject to the registration process under the No. 75 Notice.

### *Application of the M&A Rules*

Pursuant to Provisions Regarding Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) ("M&A Rules") promulgated by six PRC regulatory agencies on August 8, 2006, which became effective on September 8, 2006, as amended on June 22, 2009 "Merger and acquisition of domestic enterprises by foreign investors" under the M&A Rules where a foreign investor purchases the equity of a shareholder of a non foreign-invested enterprise in China (domestic company) or increases the capital of a domestic company so as to convert and re-establish a domestic company as a foreign-invested enterprise ("Equity Merger and Acquisition"); or, where a foreign investor establishes a foreign-invested enterprise and purchases and operates the assets of a domestic enterprise by the agreement of that enterprise, or, a foreign investor purchases the assets of a domestic enterprise by agreement and uses this asset investment to establish a foreign-invested enterprise and operate the assets ("Asset Merger and Acquisition"), such Equity Merger and Acquisition as well as Asset Merger and Acquisition shall be subject to the approval of the examination and approval authorities in accordance with the M&A Rules.

In addition, the M&A Rules also provide that, where a foreign investor purchases the equity interest of a domestic foreign-invested enterprise or subscribes the increased capital of a domestic foreign-invested enterprise, it shall be subject to the current laws, administrative regulations on foreign-invested enterprises and the relevant provisions on alteration in investors' equity interest of foreign-invested enterprises.

Kam Wang, a company incorporated in Hong Kong, completed the 25% Acquisition on February 4, 2010, which falls within the scope as Equity Merger and Acquisition, after the promulgation of the M&A Rules and therefore is subject to the relevant approval and filings requirements set forth therein. As confirmed by our PRC legal advisor, all the requisite approvals, permits and licenses in relation to the 25% Acquisition has been obtained pursuant to the applicable laws and regulations in the PRC and the 25% Acquisition has been duly approved by competent governmental authorities in accordance with the M&A Rules and was in compliance with the M&A Rules in all material respects for the following reasons:

- According to the statement of members of the listing group in the PRC, each of Kam Wang, as well as Mr. Lam (the then beneficial owner) and Mr. Cheung (the then legal owner) was an Independent Third Party when the 25% Acquisition was reported to the competent governmental authority for approval and Kam Wang had no other relationship with Mr. Ji at the relevant time;
- the relevant equity transfer agreement was entered by and between Kam Wang and Logan Real Estate on December 24, 2009 stating that upon the date when the updated business license of Shenzhen Youkaisi reflecting the 25% Acquisition was issued, Logan Real Estate no longer held the 25% equity interest in Shenzhen Youkaisi and Kam Wang was then the shareholder of 25% equity interest in Shenzhen Youkaisi;
- on January 13, 2010, the approval regarding the establishment of Shenzhen Youkaisi as a Joint Venture Enterprise through Acquisition of Equity Interest (Shen Ke Gong Mao Xin Zi Zi [2010] No. 0115) was issued by the SITIC (Shenzhen); and
- the revised business license of Shenzhen Youkaisi was issued by Market Supervision Administration of Shenzhen Municipality on February 4, 2010, which stated that the nature of Shenzhen Youkaisi has then become a limited liability company (joint venture between entities between Taiwan, Hong Kong, Macau and entities of the PRC) (有限責任公司 (台港澳與境內合資)) and Shenzhen Youkaisi has then been considered as a foreign-invested enterprise despite the outstanding settlement of the consideration for the 25% Acquisition.

In light of the above, our PRC legal advisors is of the view that the 25% Acquisition was in compliance with the M&A Rules in all material respects and that any subsequent transfer in Shenzhen Youkaisi, being a foreign-invested enterprise would not be subject to the M&A Rules. Further, any subsequent transfer of the beneficial interests in Kam Wang would not affect Shenzhen Youkaisi's status as a foreign-invested enterprise and no notification/filing is required to be made notifying the PRC government of such transfer of beneficial interest either.

Yuen Ming, a company incorporated in Hong Kong, completed the 75% Acquisition on March 11, 2011. At the time of the completion of such 75% Acquisition, Shenzhen Youkaisi was a foreign-invested enterprise. Accordingly, the 75% Acquisition did not fall under the M&A Rules and instead falls under 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 [1997], Waijingfa No. 267). Accordingly, our PRC legal advisor is of the opinion that the M&A rules does not apply.

Further, relevant approval regarding the alteration of investors' equity interest and the amendments to the articles of association of Shenzhen Youkaisi (Shen Ke Gong Mao Xin Zi Zi [2010] No. 2795) was issued by the SITIC (Shenzhen), pursuant to which approval was obtained in relation to:

- the 75% Acquisition;
- the nature of Shenzhen Youkaisi being converted into the foreign-invested enterprise after the completion of the equity transfer; and
- the articles of association of Shenzhen Youkaisi being amended to reflect the fact that Shenzhen Youkaisi has then become an foreign-invested joint venture enterprise is approved.

In light of the above, our PRC legal advisors is of the view that the 75% Acquisition has been duly approved by competent approval authority in the PRC, and was in all material respects compliance with relevant PRC laws and regulations, and did not violate the M&A Rules.

As advised by our PRC legal advisor as well as the PRC legal advisor to [●], SITIC (Shenzhen) was the proper authority for approving the equity transfer of Shenzhen Youkaisi in its reorganization process, including the 25% Acquisition. Further, the PRC legal advisor to the [●], Commerce & Finance, had conducted and attended an interview with the director of the Department of Foreign Trade and Economic Cooperation of Guangdong Province (The Foreign Investment Administration Department) (廣東省對外貿易經濟合作廳外資管理處) ("Guangdong FTEC"), being a higher level regulatory authority which is in a position to instruct SITIC (Shenzhen), pursuant to which, the director of Guangdong FTEC has confirmed and concurred with the view of the two PRC legal advisors that SITIC (Shenzhen) was the competent authority for approving the equity transfer of Shenzhen Youkaisi, and SITIC (Shenzhen) had the authority to approve the reorganization of Shenzhen Youkaisi without the need to seek further approval by the other regulatory authorities at the Guangdong provincial level or by central MOFCOM. As explained by the director of Guangdong FTEC, for so long as the purchaser under the 25% Acquisition was a non-PRC resident or an individual independent of Shenzhen Youkaisi and its actual controllers, the validity of the approval for the 25% Acquisition will not be affected and the validity of the approval for the 25% Acquisition will not be affected by the fact that the purchaser of the equity interest had eventually failed to settle the consideration for the transfer. Further, since Ms. Kei has become a non-PRC resident when completion of the 75% Acquisition occurred, the director of Guangdong FTEC also confirmed that the validity of the approval for the 75% Acquisition will not be affected, and that the approval process and the approvals granted for the equity transfer in Shenzhen Youkaisi's reorganization are legal and valid under PRC laws, rules and regulations. Based on the foregoing, our PRC legal advisor as well as the PRC legal advisor to the [●], Commerce & Finance, are of the view that each of the 25% Acquisition and the 75% Acquisition was in compliance with relevant PRC laws, rules and regulations and that there was no circumvention of any PRC laws, rules and regulations.

In relation to the legality and validity of the onshore reorganization of the subsidiaries of Shenzhen Youkaisi, taking into account that those subsidiaries were foreign-reinvested enterprises or the subsidiaries of such foreign-reinvested enterprises, pursuant to the Interim Provisions on the Domestic Investment of Foreign-invested Enterprises jointly promulgated by the predecessor of the MOFCOM and the SAIC on June 25, 2000, which came into effect on September 1, 2000, to establish a company in a field in the restricted category, a foreign-invested enterprise shall file an application with competent examination and approval authority of provincial level and of the place where the reinvested enterprise is to be located. Given all the onshore subsidiaries of the Group are not engaged in any business that fall within the scope of the restricted category, therefore, the onshore reorganization of all the subsidiaries of Shenzhen Youkaisi was not subject to the approval of relevant competent examination and approval authority of provincial level. Accordingly, our PRC legal advisors is of the view that the onshore [●] reorganization of the subsidiaries of Shenzhen Youkaisi was in compliance with relevant PRC laws and regulations, and did not violate the M&A Rules.

In relation to the legality and validity of the offshore reorganization included in the [●] Reorganization between offshore entities of the Group, as such reorganization was conducted among the offshore entities directly and was conducted outside the PRC, therefore, our PRC legal advisors is of the view that such offshore reorganization shall not be subject to PRC laws including the M&A Rules.

To conclude, our PRC legal advisor is of the opinion that our Company has obtained all the requisite approvals, permits and licences for the Reorganization under the applicable laws and regulations in the PRC for its [●], the [●] Reorganization did not violate the M&A Rules in all material respects and that it is not to be considered as a circumvention to the M&A Rules.

The [●] has conducted due diligence in relation to the reorganization of Shenzhen Youkaisi, which includes (without limitation) the following steps:

(i) discussing with the PRC legal advisor of the Company and the PRC legal advisor of the [●] to understand their legal analysis on the legality of the Reorganization and reviewed their respective PRC legal opinions;

(ii) interviewing and discussing the reorganization of Shenzhen Youkaisi, with the representatives of the relevant PRC governmental authority granting the approval for the transfer of the equity interest in Shenzhen Youkaisi;

(iii) reviewing the approval documents and underlying transaction documents relating to the equity transfer of Shenzhen Youkaisi in the reorganization process;

(iv) conducting independent background searches and due diligence interviews with Mr. Lam and Mr. Cheung regarding the background to their involvement in the 25% Acquisition and the 75% Acquisition, and their independence from the Group and its controlling shareholders;

(v) interviewing with the representatives of the banking institution which provided offshore banking facility to Yuen Ming and Kam Wang for the Group to acquire the equity interest in Shenzhen Youkaisi and reviewed the relevant loan facility documentation; and

(vi) conducting many rounds of discussions with the management of the Group who was involved in the reorganization to understand the background, rationale, facts and legality of the reorganization of Shenzhen Youkaisi.

***Application of the Notice 50***

On May 23, 2007 MOFCOM and SAFE jointly issued the Notice Regarding Further Strengthening and Regulating the Approval and Supervision of Foreign Investment Real Estate Company (《商務部、國家外匯管理局關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) (the "Notice 50"), which requires that foreign invested real estate companies newly approved and established after the date of issuance of the Notice 50 must comply with certain filing requirements with MOFCOM. In addition, the Notice 50 also requires that foreign invested real estate companies with property projects or property business newly added must also comply with the relevant approval requirements.

As advised by our PRC legal advisor, there is one company among our Group which are currently foreign-invested entity, namely Shenzhen Youkaisi. Shenzhen Yoikaisi however is not engaged in property business and the other companies within the Group are not foreign-invested real estate companies, accordingly, our PRC legal advisor is of opinion that the Notice 50 does not apply.

***Overall***

The Group's structure and reorganization was conducted in line with the relocation of our Group's headquarters to Shenzhen in 2008. Between the period from 1996 and 2008, the Group's property development business was headquartered in Shantou, PRC. To further develop the Group's property development business and to take advantage of the more developed economic and market environment in Shenzhen, we decided to move our headquarters of the Group from Shantou to Shenzhen in 2008. To minimize any possible interference from the local government regarding such inter-regional relocation, our Group effected the relocation by establishing a new company in Shenzhen as our new headquarter. Consequentially, we established Shenzhen Youkaisi on April 1, 2008.

Our PRC legal advisors, Haiwen & Partners, is of the opinion that the Group's structure and reorganization were driven by the Group's commercial consideration. Therefore, there is no situation which it shall be considered as a circumvention of the relevant PRC laws and regulations (including the Notice 50) by a foreign-invested property development enterprise.

Further, as advised by our PRC legal advisors, the Group's reorganization had been approved and/or acknowledged by the requisite PRC governmental authorities, including, the competent local counterpart of MOFCOM, SAIC and SAFE, respectively. Accordingly, our PRC legal advisor is of the view that each of the transfers as referred under the section entitled "History and Reorganization" in this document was properly and legally completed and settled.

## OVERVIEW

We are a property developer in the PRC focusing on the residential property market, and our products are primarily targeted at first-time homebuyers and upgraders. In 2012, we were ranked as the 46th-largest property developer in the PRC by sales.(1) We have developed residential property projects in 11 cities in economically prosperous and emerging regions of the PRC, such as Guangdong and Guangxi Provinces, the Chengdu-Chongqing economic region and Hainan Province.

We have a land bank comprising land we acquired at competitive prices, and we strive to build our land bank by establishing and expanding our presence in economic regions which we believe hold high growth potential. As of October 31, 2013, we had 70 projects at various stages of development in 11 cities and a land bank with an aggregate GFA of 11.2 million sq.m., primarily comprising residential property projects with ancillary retail shops, as well as an office property project where our headquarters is located. For details of our property projects, please see the section entitled "—Our Property Projects" in this document. We believe our current land bank will be sufficient to meet our development needs for the next five to six years, based on our current projections and our historical sales and land development records.

We have established a replicable property development process, which is supported by our in-house departments and subsidiaries specializing in design and planning, construction, decoration, procurement, sales, customer services and each other major step in the property development process. We leverage our ability to build projects through our own construction subsidiary, centralized and strategic procurement, quick development operation model and cost control over the whole property development process to optimize our costs, shorten development cycles, improve cash flow and maintain profitability. In 2010, 2011 and 2012 and the six months ended June 30, 2013, we achieved net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) of 14.5%, 17.7%, 17.9% and 12.3%, respectively.

As of October 31, 2013, our Group and, prior to the commencement of the Reorganization, our predecessors had completed a total of 54 projects with a total GFA of over 7,160,000 sq.m. Over the past 17 years, we have established ourselves as one of the leading developers focusing on residential properties in Guangdong and Guangxi Provinces. Leveraging our success and valuable experience in Guangdong Province, in 2006 we expanded into Guangxi Province through the launch of Provence in Nanning, which is expected to have a total GFA of 1,867,094 sq.m. upon completion. For details, please see the section entitled "—Our Property Projects—Description of Our Projects—Provence" in this document. In 2011, we were recognized as the second-largest property developer in Nanning by turnover, according to China Real Estate Information Corporation, and in the same year Logan Real Estate, one of our predecessors, was recognized as one of the "Top 10 Real Estate Brands in Southern China," according to the China Real Estate Top 10 Research Group. As of the Latest Practicable Date, we were also developing properties in Sichuan and Hainan Provinces, comprising our Chengdu Sky Palace and Seaside Dragon Bay developments. We believe that our track record, together with the strength of our "Logan" (龍光) brand and the leadership and vision of our management team, positions us well to expand into other cities in the PRC.

We have experienced significant growth in recent years. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our turnover was RMB2,851.7 million, RMB3,447.5 million,

*Note:*

(1) The ranking is based on China Index Academy's evaluation of the largest property developers in the PRC by sales in 2012.

RMB6,587.7 million and RMB3,332.2 million, respectively, our net profit was RMB939.6 million, RMB1,263.2 million, RMB1,817.0 million and RMB442.3 million, respectively, and we recorded contracted sales of RMB3,031.9 million, RMB4,466.6 million, RMB9,737.2 million and RMB5,787.6 million, respectively.

We have developed a diversified product portfolio which includes high-rise apartment buildings and low-rise garden apartments, among others, catering to the residential property markets. We have developed two distinctive product styles, namely neoclassical and art deco, each of which comprises standardized designs for facades, interior designs and landscaping, as well as standardized parts and materials. We leverage our quick development operation model and our standardized control over each step of our property development process to ensure product and service quality, maintain and improve our future development and profitability.

Over the past 17 years, our Group and our predecessors have received a multitude of recognitions and awards, including the following:

- ranked as the 46th-largest property developer in the PRC by sales in 2012 by China Index Academy;
- recognized as one of the "Top 100 Chinese Real Estate Developers" in 2011 and 2012 by China Real Estate Top 10 Research Group, the Enterprise Institute of the Development Research Center of the State Council of China, the Institute of Real Estate Studies of Tsinghua University and the China Index Academy;
- recognized as one of the "Top 100 Chinese Real Estate Developers in 2012" by the China Academy of Real Estate, the China Real Estate Association and the China Real Estate Appraisal Center;
- recognized as one of the "Guangdong Top 20 Creditworthy Real Estate Enterprises" for 10 consecutive years between 2003-2012 jointly by Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China and China Central Media;
- recognized as one of the "Top 100 Chinese Real Estate Developers in 2012—Top 10 Profit Capabilities" by the Enterprise Institute of the Development Research Center of the State Council of China, the Institute of Real Estate Studies of Tsinghua University and the China Index Academy;
- recognized as one of the "Top 100 Chinese Real Estate Enterprises in 2011—Top 10 Financing Capabilities" by the China Real Estate Top 10 Research Group;
- recognized as one of the "Top 100 Chinese Real Estate Developers—Top 10 in Growth" in 2012 by the China Academy of Real Estate, the China Real Estate Association and the China Real Estate Appraisal Center; and
- recognized as a "2012 China Real Estate Industry Honorable Brand Enterprise" by China Real Estate Industry Association and China Real Estate Investment Research Association.

## COMPETITIVE STRENGTHS

We believe that our success and future prospects are supported by a combination of the following key competitive strengths:

### *We have a land bank comprising land we acquired at competitive prices, which provides a solid foundation for our future growth and profitability*

As of October 31, 2013, we had a land bank with an aggregate GFA of 11.2 million sq.m., comprising 0.8 million sq.m. in completed projects, 5.5 million sq.m. in projects under development, 4.6 million sq.m. in projects held for future development and 0.2 million sq.m. in projects contracted to be acquired, which we believe will be sufficient to meet our development needs for the next five to six years, based on our current projections and our historical sales and land development records. In terms of geographic distribution, we have set up our strategic development landscape in Guangdong and Guangxi Provinces, the Chengdu-Chongqing economic region and Hainan Province, driven by our knowledge of government policies and regional development trends.

We have established a land bank comprising land we acquired at competitive prices through a combination of comprehensive development and complementary project planning. We follow a careful project selection process, and primarily acquire land for our projects through participation in the government public tender and listing-for-sale land grant processes. We acquired certain land parcels at competitive prices, such as those for Logan City, when the infrastructure and common facilities such as roads, schools or commercial districts had not yet been fully developed in their vicinity. Our average land cost per sq.m. of GFA sold (excluding car parks) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB1,075, RMB1,006, RMB995 and RMB1,117, respectively, accounting for 19.8%, 16.5%, 13.7% and 16.3%, respectively, of our ASP per sq.m. of RMB5,419, RMB6,113, RMB7,280 and RMB6,872, respectively, for the corresponding period. We believe our land bank comprising land we acquired at competitive prices not only supports our future profitability but also gives us greater financial flexibility to respond more effectively to changing market conditions.

### *Effective cost control over the entire property development process*

We build most of our projects through Logan Construction, our construction subsidiary, which, together with our Group's centralized procurement management, gives us more effective control over construction costs through synergies with our property development management capabilities. Furthermore, Logan Construction possesses a National Housing Construction General Contracting Class 1 Qualification Certificate (國家房屋建築工程施工總承包一級資質認證), enabling it to continue to act as general contractor for our projects as we expand into other high-growth cities elsewhere in China. As of the Latest Practicable Date, Logan Construction was appointed as general contractor for a majority of our property projects at various stages of development.

We believe we have developed an effective cost control system covering the entire property development process, which enables us to effectively control and manage costs at each step of the project development process. At the initial stage of project design, we seek to make accurate cost projections based upon our prior experience and historical data, and strive to ensure effective cost control through continually monitoring the implementation of such target costs, monitoring market developments, and providing cost control feedback throughout the project design process.

We believe our tight cost controls have been essential in achieving our net profit margins over the Track Record Period. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our direct costs per sq.m. for residential properties were RMB3,847, RMB3,395, RMB4,091 and RMB4,687, respectively, representing 77.5%, 60.1%, 66.1% and 72.4%, respectively, of our ASP for the corresponding period. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) were 14.5%, 17.7%, 17.9% and 12.3%, respectively.

***Leveraging our considerable strength in various cities in southern China, we can readily expand into nearby cities***

We have accumulated many years of experience developing projects in eight cities in Guangdong Province, comprising Shenzhen, Guangzhou, Shantou, Foshan, Dongguan, Zhuhai, Huizhou and Zhongshan. Since 1997, we and our predecessors have established brand recognition in Shantou through the completion of 23 projects with a total GFA of over 2,400,000 sq.m. We believe that our established market position and 17 years of experience in Guangdong Province positions us to expand our business into other regions such as the Chengdu-Chongqing economic region and Hainan Province.

Leveraging our success and valuable experience in Guangdong Province, in 2006 we expanded into Guangxi Province through the launch of Provence, which is expected to have a total GFA of 1,867,094 sq.m. upon completion. In 2011, we were recognized as the second-largest property developer in Nanning by turnover, according to the China Real Estate Information Corporation, which we believe is indicative of our ability to successfully expand our business into new cities.

We have developed multiple projects in most of the cities in which we operate, through which we believe we have established brand name recognition and customer loyalty, while maintaining a diversified presence in a variety of locations. For the six months ended June 30, 2013, Shantou, Nanning and Huizhou accounted for 31.5%, 17.4% and 25.3% of our contracted sales, respectively. We believe that our strategy of focusing on certain target regions and building multiple property projects per region has enabled us to consolidate our market position while distributing risk.

***Our ability to develop quality living communities that enhance the image and value of the surrounding area***

We believe we have extensive experience and strong execution capabilities in developing quality living communities. We have successfully developed several such living communities with comprehensive ancillary facilities, including retail shops, kindergartens, schools, clinics, clubhouses and car parks, providing our customers with high-quality living space and potential price appreciation by raising the overall value of the surrounding communities and fully tapping the value of land we acquired at competitive prices, enhancing our brand influence as a result. For example, as of October 31, 2013, we had successfully completed Phases 1-5 of Provence, which was recognized as a "Gold Medal International Cultural Community—Innovative Model Habitat" in 2007, and provides a number of amenities for residents, including a school, kindergarten and ancillary retail shops. Provence was recognized by SouFun.com Limited as the number one project in Nanning, Guangxi Province by sales for three consecutive years between 2008 and 2010. In addition, Logan City, one of our other living communities, is expected to provide amenities such as clubhouses, schools, gymnasiums and ancillary retail shops, and was recognized in 2012 as the "2012 China Urban Area Most Valuable Property."

We believe that our ability and experience in developing quality living communities will support our future development, and help us achieve economies of scale, build local brand awareness and obtain local government support during the development process and for future projects.

***We have a well-experienced management team and have established comprehensive human resources policies to support our rapid development***

Our management team has a wealth of property development management experience in both the investment and operational aspects of the property development process. Mr. Ji, our founder and Chairman, has 17 years of substantial management and leadership experience in the property development industry, and our senior management have an average of over seven years of experience in the property development industry.

We place strong emphasis on our training systems and structure training plans tailored to the needs of employees at different levels. For example, we have an elite manager training plan, senior management promotion program and manager promotion program. Through years of development, we have assembled an experienced core management team. As we expand our business, we engage external recruitment firms for talent searches, and work to attract elite personnel in our industry to complement the abilities of our existing management team. We have also engaged consulting firms to regularly evaluate and improve our human resources policies.

**BUSINESS STRATEGIES**

We intend to grow and strengthen our business through the implementation of the following core business strategies:

***Consolidate our market position in Guangdong and Guangxi Provinces, while accelerating our expansion into other high-growth regions***

We will continue to focus our property development business on Guangdong and Guangxi Provinces and further enhance our market position in Foshan, Shantou, Huizhou and Nanning. We aim to strengthen our ability to develop multiple projects in our targeted regions to achieve economies of scale. We believe that, by virtue of our successful operating experience and resources in these regions, we will be able to further increase the speed and effectiveness of our project development process, enhancing the profitability and returns on investment of our projects.

We further aim to increase our investments in the Chengdu-Chongqing economic region and additional major cities in Guangdong Province and Guangxi Province. We also plan to monitor opportunities for further expansion into the Bohai Bay economic region of northeast China. In 2012, China's real GDP growth rate was 7.8%. In comparison, the real GDP growth rate in 2012 for Chengdu, Chongqing, Guangdong Province, Guangxi Province and the Bohai Bay economic region amounted to 13.0%, 13.6%, 8.2%, 11.3% and 10.1%, respectively. We believe these areas are and will continue to be economically active regions in China with attractive growth opportunities for the foreseeable future and we will continue to benefit from increasing market demand for residential property in these regions.

We plan to continue monitoring and researching quality sites in other high-growth regions to identify optimal opportunities to develop projects with high potential returns. We also plan to continue conducting in-depth research on national and regional government policies, economies and urbanization trends to strategically expand our business into regions that we believe have high growth potential.

***Maintain our competitiveness by focusing on producing high-quality, value-added properties for first-time homebuyers and upgraders***

We aim to continue our core focus on the residential property market, with emphasis on demand from first-time homebuyers and upgraders. Although there are no reliable and complete data analyzing our customer composition, we believe that first-time homebuyers and upgraders generally purchase property units below 120 sq.m., based on our operational experience and understanding of the market landscape. According to our internal records, estimates and project designs, as of October 31, 2013, approximately 80% of our residential property units consisted of small to medium-sized residential units below 120 sq.m. We believe that our focus on these types of properties is suitable in light of urbanization trends and the recent macroeconomic control measures introduced by the PRC government, and that these types of properties will continue to benefit from high levels of demand as a result. We also plan to strengthen our customer-oriented business approach through the improvement and innovation of the design, landscaping and facilities of our property development projects to offer our customers innovative, livable, high-value-added and high-quality residences and services.

At the same time, we plan to strengthen our "Logan" (龍光) brand image and market awareness through offering high-quality product and services, and offer more value-added services to customers. We will continue to improve our customer relationship management through our membership program for purchasers of our properties, Logan Club (龍光會), to further enhance our brand equity.

***Continue to align the interests of our senior management with those of our Shareholders to cultivate leadership and entrepreneurial qualities among our senior management team***

We plan to further increase employee ownership in our Group, as we believe this will align our employees' interests with those of our Shareholders. Toward this end, we have conditionally adopted the Share Option Scheme to provide incentives to our Directors, senior management and key department heads, entitling the holders to subscribe for share options of our Company. For further information, please refer to the section entitled "Statutory and General Information—Share Option Scheme" in Appendix V to this document.

We believe that apart from possessing professional skills, a senior management team possessing passion, leadership and entrepreneurial qualities, team spirit and a high sense of responsibility is essential for us to remain competitive in the long term and forms the basis on which we can formulate our management succession plan. We will continue to emphasize such qualities in our recruitment policy and offer internal as well as external training opportunities to equip our managers with entrepreneurial leadership skills.

***Continue implementing a high-efficiency operating philosophy to achieve a quick development operation model, further enhancing our operating results***

We have implemented a high-efficiency operating philosophy, in which we place significant emphasis on operational efficiency, results and profitability to achieve comprehensive and balanced development and enhance our control over the property development process. We plan to leverage this operating philosophy as a platform to fully implement a quick development operation model, where we efficiently complete the development of our property projects, by expanding our strategic procurement initiatives through our standardized product designs, helping us ensure the continuing supply of high-quality materials, while taking advantage of economies of scale to reduce supply costs. We also plan to continue refining the elements of our property development process to ensure that we are able to achieve our product quality and turnover goals and achieve dynamic cost control over the entire property development process, enabling us to protect project progress, quality and profitability, realize our high-efficiency operating philosophy and further enhance our overall efficiency.

***Monitor and research opportunities to invest in the senior housing and leisure property industries to foster new business growth***

To support our goal of achieving sustainable long-term success in the property industry and as part of our long-term strategic planning, we plan to closely monitor market trends in our industry as well as economic and demographic trends in the PRC. At present, we believe there is still vigorous demand from first-time homebuyers and upgraders for residential properties in the PRC, and therefore our main products are targeted at such customers. However, due to demographic trends in the PRC, particularly the increase in the aging population, we believe that demand for senior housing will be immense. In addition, due to increasing per capita GDP and disposable income in the PRC, we believe that demand for leisure properties will also continue to grow. As a result, we have begun monitoring and researching opportunities to invest in senior housing and leisure properties in order to ensure the responsiveness of our product offerings to changing market trends and foster new business growth for our future development.

## OUR PROPERTY PROJECTS

***Overview***

As of October 31, 2013, we had a total of 70 property projects under various stages of development located in Shenzhen, Shantou, Guangzhou, Foshan, Nanning, Dongguan, Zhuhai, Huizhou, Zhongshan, Chengdu and Lingshui.

Most of our property development projects are phases of larger property developments, and each phase may be in a different stage of development. We classify our property development projects for which we have obtained some or all of the land use rights certificates, into the following three categories: (i) completed properties, (ii) properties under development and (iii) properties held for future development. Other projects, for which we have entered into contracts but have not obtained any land use rights certificates, are classified as projects contracted to be acquired. For further information, please refer to the Property Valuation Report in Appendix III to this document.

The table below sets forth a breakdown of our total land bank by city for our property projects as of October 31, 2013:

| | Completed and unsold GFA[1] | Under development | Held for future development | Contracted to be acquired | Total |
|---|---|---|---|---|---|
| | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* |
| **Total land bank by city:** | | | | | |
| —Guangzhou | 194,537 | — | — | — | 194,537 |
| —Shantou | 53,339 | 1,127,242 | 221,336 | — | 1,401,917 |
| —Shenzhen | 192,373 | — | — | — | 192,373 |
| —Huizhou | 106,619 | 1,891,873 | 3,390,685 | — | 5,389,177 |
| —Foshan | 43,633 | 602,148 | 358,798 | — | 1,004,579 |
| —Zhongshan | 20,008 | 377,860 | — | 174,212 | 572,080 |
| —Zhuhai | 24,240 | — | — | — | 24,240 |
| —Dongguan | — | 208,779 | 69,201 | — | 277,980 |
| —Nanning | 180,426 | 1,104,688 | 182,054 | — | 1,467,168 |
| —Lingshui | — | — | 426,142 | — | 426,142 |
| —Chengdu | — | 235,834 | — | — | 235,834 |
| **Total land bank** | 815,175 | 5,548,424 | 4,648,217 | 174,212 | 11,186,028 |

*Note:*

(1) Figures in the table equal total GFA less (i) total saleable GFA sold and (ii) GFA attributable to car parks sold.

The table below sets forth a breakdown of our total saleable/leasable GFA (net of saleable GFA sold) of our 70 property projects by planned use as of October 31, 2013:

| | Completed | Under development | Held for future development | Contracted to be acquired | Total |
|---|---|---|---|---|---|
| | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* |
| **Properties for sales** | | | | | |
| Residential | 84,143 | 3,934,599 | 3,536,542 | 123,445 | 7,678,729 |
| Retail | 26,326 | 250,199 | 112,337 | 22,094 | 410,956 |
| Office | 1,492 | — | — | — | 1,492 |
| Sub-total | 111,962 | 4,184,799 | 3,648,879 | 145,539 | 8,091,179 |
| **Properties held for investment** | | | | | |
| Retail | 28,020 | 23,607 | — | — | 51,627 |
| Office | 42,090 | — | — | — | 42,090 |
| Others | 2,714 | 19,950 | — | — | 22,664 |
| **Sub-total** | 72,824 | 43,557 | — | — | 116,381 |
| **Total saleable/leasable GFA (net of saleable GFA sold)** | 184,786 | 4,228,356 | 3,648,879 | 145,539 | 8,207,560 |

*Note:*

(1) Figures in the table do not take GFA attributable to car parks into consideration.

According to our internal records, estimates and project designs, approximately 80% of our residential property units as of October 31, 2013 consisted of small to medium-sized residential units below 120 sq.m. Although there are no reliable and complete data analyzing the composition of our customer base, based on our operational experience and understanding of the market landscape, we believe that first-time homebuyers and upgraders generally purchase property units below 120 sq.m.

We include in this document the project names which we have used, or intend to use, to market our properties as of the Latest Practicable Date. Some of the project names required the approval of relevant authorities as of the Latest Practicable Date, and the relevant authorities might not have accepted or may not accept the names we have used or those that we intend to use as the registered names of the projects. As a result, the actual names registered with relevant authorities may be different from the names we have used or intend to use, and the names we use or intend to use may be subject to change.

The table below sets forth details of our 70 property development projects as of October 31, 2013:

| Projects | City | Use | Site area[1] | Total GFA[2] | Total saleable/ leasable GFA (inclusive of GFA sold)[3] | Total saleable GFA: Of which was sold[4] | Total saleable GFA: Of which was pre-sold[4] | Total saleable GFA: Of which remains unsold[4] | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment[4] | Development costs incurred[5] | Estimated further development costs to complete the project[6] | Construction completion date[7] | Pre-sales commencement date[8] | Interest attributable to us (as of the Latest Practicable Date)[9] | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (RMB'000) | (RMB'000) | | | (%) | |
| **Completed** | | | | | | | | | | | | | | | | |
| 1. Landscape Residence (峰景華庭) | Guangzhou | Residential | 102,732 | 344,182 | 253,571 | 251,345 | — | — | — | 2,226 | 688,338 | — | Oct-10 | Apr-08 | 100 | 4, 18 |
| 2. Fragrant Valley (香悦山) | Guangzhou | Residential | 39,299 | 45,212 | 29,228 | 28,765 | — | 463 | 463 | — | 201,019 | — | Jun-11 | Aug-10 | 100 | 5 |
| 3. Palm Waterfront North (Phase 1) (棕櫚水岸北地塊一期) | Guangzhou | Residential | 55,763[10] | 61,711 | 59,241 | 59,133 | 108 | — | 108 | — | 479,299[11] | — | Dec-11 | Jun-10 | 100 | 7 |
| 4. Palm Waterfront North (Phase 2) (棕櫚水岸北地塊二期) | Guangzhou | Residential | 55,763[10] | 68,308 | 55,350 | 54,992 | 120 | 238 | 357 | — | 479,299[11] | — | Jun-12 | Sep-10 | 100 | 7 |
| 5. Palm Waterfront South (棕櫚水岸南地塊) | Guangzhou | Residential | 102,669[10] | 177,993 | 117,821 | 105,263 | 4,627 | 7,931 | 12,558 | — | 695,115 | — | Jun-13 | Sep-11 | 100 | 7 |
| 6. Flying Dragon Garden (龍騰熙園) | Shantou | Residential | 53,851 | 255,255 | 205,511 | 202,644 | 955 | 1,912 | 2,867 | — | 669,395 | — | Mar-12 | May-11 | 100 | 12 |
| 7. Shenzhen Sky Palace (Phase 1) (深圳天悦龍庭一期) | Shenzhen | Residential | 51,826[10] | 88,405 | 71,417 | 64,078 | — | 318 | 318 | 7,021 | 269,013 | — | Oct-05 | Dec-04 | 100 | 11, 21 |
| 8. Shenzhen Sky Palace (Phase 2) (深圳天悦龍庭二期) | Shenzhen | Residential | 51,826[10] | 134,230 | 97,924 | 97,924 | — | — | — | — | 364,521 | — | Jan-06 | Mar-05 | 100 | N/A[13] |
| 9. Shenzhen Grand Joy Palace (Phase 1) (深圳君悦龍庭一期) | Shenzhen | Residential | 66,708[10] | 23,295 | 16,415 | 16,415 | — | — | — | — | 77,223 | — | Dec-08 | Apr-08 | 100 | N/A[13] |
| 10. Shenzhen Grand Joy Palace (Phase 2) (深圳君悦龍庭二期) | Shenzhen | Residential | 66,708[10] | 73,591 | 60,708 | 60,708 | — | — | — | — | 285,981 | — | Sep-09 | Jul-08 | 100 | N/A[13] |
| 11. Shenzhen Grand Joy Palace (Phase 3) (深圳君悦龍庭三期) | Shenzhen | Residential | 66,708[10] | 132,565 | 87,951 | 87,629 | — | 322 | 322 | — | 446,051 | — | Mar-10 | Apr-09 | 100 | 10 |
| 12. Golden Bay Garden (金灣花園) | Huizhou | Residential | 70,358 | 255,286 | 219,070 | 219,070 | — | — | — | — | 380,910 | — | Dec-10 | N/A | 100 | N/A[13] |
| 13. Grand View (Phase 1) (水悦雲天一期) | Foshan | Residential | 83,033[10] | 17,031 | 15,450 | 15,450 | — | — | — | — | 38,623 | — | Nov-11 | Jan-10 | 100 | N/A[13] |

| Projects | City | Use | Site area[1] | Total GFA[2] | Total saleable/leasable GFA (inclusive of GFA sold)[3] | Total saleable GFA: Of which was sold[4] | Total saleable GFA: Of which was pre-sold[4] | Total saleable GFA: Of which remains unsold[4] | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment[4] | Development costs incurred[5] | Estimated further development costs to complete the project[6] | Construction completion date[7] | Pre-sales commencement date[8] | Interest attributable to us (as of the Latest Practicable Date)[9] | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (RMB'000) | (RMB'000) | | | (%) | |
| 14. Grand View (Phase 2) (水悦雲天二期) | Foshan | Residential | 83,033[10] | 90,866 | 77,922 | 77,922 | — | — | — | — | 206,195 | — | Nov-11 | May-10 | 100 | N/A[13] |
| 15. Grand View (Phase 3) (水悦雲天三期) | Foshan | Residential | 83,033[10] | 118,321 | 103,982 | 101,575 | 593 | 1,814 | 2,406 | — | 370,754 | — | Mar-12 | Oct-10 | 100 | 1 |
| 16. Grand View (Phase 4) (水悦雲天四期) | Foshan | Residential | 83,033[10] | 130,567 | 110,244 | 101,776 | 3,866 | 4,601 | 8,468 | — | 434,916 | — | Jun-12 | Nov-10 | 100 | 1 |
| 17. Grasse Vieille Ville (Phase 1) (海悦城邦一期) | Zhongshan | Residential | 33,078 | 71,947 | 69,776 | 69,776 | — | — | — | — | 144,569 | — | Dec-09 | Dec-08 | 100 | N/A[13] |
| 18. Grasse Vieille Ville (Phase 2) (海悦城邦二期) | Zhongshan | Residential | 52,075 | 172,087 | 143,033 | 142,984 | — | 49 | 49 | — | 382,618 | — | Jan-11 | Jan-10 | 100 | 3 |
| 19. Easy Life (海悦雲天) | Zhuhai | Residential | 18,862 | 92,313 | 67,163 | 66,104 | 517 | — | 517 | 543 | 518,549 | — | Jun-12 | Feb-11 | 100 | 6, 22 |
| 20. Provence (Phase 1) (普羅旺斯一期) | Nanning | Residential | 71,954 | 212,712 | 181,209 | 177,253 | 1,049 | 2,908 | 3,957 | — | 361,152 | — | Nov-08 | Dec-06 | 100 | 2 |
| 21. Provence (Phase 2) (普羅旺斯二期) | Nanning | Residential | 248,835[10] | 154,458 | 134,010 | 123,009 | — | 3,060 | 3,060 | 7,941 | 280,994 | — | Jun-09 | Nov-07 | 100 | 2, 19 |
| 22. Provence (Phase 3) (普羅旺斯三期) | Nanning | Residential | 77,796 | 276,177 | 222,944 | 219,531 | 2,156 | 1,256 | 3,413 | — | 566,170 | — | Jan-10 | Mar-08 | 100 | 2 |
| 23. Provence (Phase 4) (普羅旺斯四期) | Nanning | Residential | 248,835[10] | 168,288 | 150,687 | 148,850 | 497 | 1,339 | 1,837 | — | 381,401 | — | Dec-10 | Jun-09 | 100 | 2 |
| 24. Provence (Phase 5) (普羅旺斯五期) | Nanning | Residential | 248,835[10] | 218,242 | 188,595 | 178,427 | 3,505 | 3,948 | 7,453 | 2,714 | 589,307 | — | Jun-12 | Jan-10 | 100 | 2, 20 |
| 25. Provence (Phase 6—Completed Portion) (普羅旺斯六期已竣工部份) | Nanning | Residential | 248,835[10] | 151,708 | 146,276 | 118,127 | 10,821 | 17,328 | 28,149 | — | 360,296 | | Sep-13 | May-11 | 100 | 2 |
| 26. Logan Century Center (龍光世紀大厦) | Shenzhen | Office | 17,203 | 80,058 | 56,600 | 13,018 | — | 1,492 | 1,492 | 42,090 | 924,596 | — | Jun-10 | N/A | 100 | 9, 16 |
| 27. Sunshine Castle (陽光華府) | Shantou | Residential | 5,166 | 24,948 | 20,453 | 18,739 | 1,045 | 670 | 1,715 | — | 89,265 | — | Dec-12 | Mar-12 | 100 | 13 |
| 28. Logan City (Phase 1—Group 1—Low-rise Garden Apartments) (龍光城一期一組團花園洋房) | Huizhou | Residential | 136,005[10] | 66,391 | 61,271 | 55,600 | — | 5,671 | 5,671 | — | 543,260 | — | Dec-11 | Aug-11 | 100 | 14 |
| 29. Logan City (Phase 1—Group 2) (龍光城一期二組團) | Huizhou | Residential | 56,819 | 285,674 | 226,562 | 205,482 | 7,348 | 6,782 | 14,130 | 6,950 | 755,454 | — | Dec-12 | Sep-11 | 100 | 14, 25 |

| Projects | City | Use | Site area[1] | Total GFA[2] | Total saleable/ leasable GFA (inclusive of GFA sold)[3] | Total saleable GFA: Of which was sold[4] | Total saleable GFA: Of which was pre-sold[4] | Total saleable GFA: Of which remains unsold[4] | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment[4] | Development costs incurred[5] | Estimated further development costs to complete the project[6] | Construction completion date[7] | Pre-sales commencement date[8] | Interest attributable to us (as of the Latest Practicable Date)[9] | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.) | (RMB'000) | (RMB'000) | | | (%) | |
| 30. Nanning Grand Riverside Bay (Phase 1—Completed Portion) (南寧水悅龍灣一期已竣工部份) | Nanning | Residential | 73,709[10] | 203,001 | 201,206 | 199,286 | 1,789 | 132 | 1,920 | — | 657,512 | — | Dec-12 | Dec-10 | 100 | 15 |
| 31. Seaward Sunshine—Commercial Building (尚海陽光商業綜合樓) | Shantou | Retail | 71,764[10] | 3,340 | 3,340 | — | — | — | — | 3,340 | 29,073 | — | Apr-11 | N/A | 100 | 23 |
| 32. Huizhou Sky Palace (Phase 1) (惠州天悅龍庭一期) | Huizhou | Residential | 89,328[10] | 80,999 | 79,651 | 68,918 | 80 | 10,653 | 10,733 | — | 229,360 | — | May-13 | Jul-12 | 100 | 8 |
| Sub-total | | | 1,507,069 | 4,279,159 | 3,534,579 | 3,349,793 | 39,075 | 72,886 | 111,962 | 72,824 | 12,420,928 | | | | | |

| Projects | City | Planned Use | Site Area[1] | Total GFA[2] | Total saleable/ leasable GFA (inclusive of GFA sold)[3] | Total Saleable GFA: Of which was sold[4] | Total Saleable GFA: Of which was pre-sold[4] | Total Saleable GFA: Of which remains unsold[4] | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment[4] | Development costs incurred[5] | Estimated further development costs to complete the project[6] | Expected completion date[7] | Pre-sales commencement date[8] | Interest attributable to us (as of the Latest Practicable Date)[9] | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(RMB'000)* | *(RMB'000)* | | | *(%)* | |
| **Under development** | | | | | | | | | | | | | | | | |
| 33. Seaward Sunshine—High-rise Residential Apartments (尚海陽光高層公寓) | Shantou | Residential | 71,764[10] | 678,878 | 534,061 | — | 378,303 | 155,757 | 534,061 | — | 1,622,954 | 1,340,630 | Jul-14 | Sep-12 | 100[12] | 30 |
| 34. Huizhou Sky Palace (Phase 2) (惠州天悅龍庭二期) | Huizhou | Residential | 89,328[10] | 165,102 | 118,481 | — | 77,521 | 40,960 | 118,481 | — | 229,031 | 115,521 | Jun-14 | Mar-13 | 100 | 27 |
| 35. Huizhou Sky Palace (Phase 3) (惠州天悅龍庭三期) | Huizhou | Residential | 89,328[10] | 127,288 | 92,552 | — | — | 92,552 | 92,552 | — | 11,063 | 256,965 | May-15 | Jan-14 | 100 | 27 |
| 36. Logan City (Phase 1—Group 1— High-rise Residential Apartments) (龍光城一期一組團高層公寓) | Huizhou | Residential | 136,005[10] | 85,918 | 76,080 | — | 31,385 | 44,695 | 76,080 | — | 106,875 | 84,283 | Mar-14 | Jan-13 | 100 | 14, 31 |
| 37. Logan City (Phase 1— Group 1— Ancillary Entertainment Building) (龍光城一期一組團配套式娛樂綜合樓) | Huizhou | Retail | 136,005[10] | 19,950 | 19,950 | — | — | — | — | 19,950 | 121,772 | 2,301 | Jan-14 | N/A | 100 | 17 |
| 38. Logan City (South Phase 2) (龍光城南二期) | Huizhou | Residential | 33,721 | 178,994 | 150,005 | — | 136,633 | 13,372 | 150,005 | — | 218,623 | 135,692 | May-14 | Nov-12 | 100 | 31 |
| 39. Logan City (South Phase 3) (龍光城南三期) | Huizhou | Residential | 55,997 | 292,151 | 244,880 | — | 184,000 | 60,879 | 244,880 | — | 232,178 | 402,245 | Feb-15 | May-13 | 100 | 31 |
| 40. Logan City (South Phase 4) (龍光城南四期) | Huizhou | Residential | 68,264 | 323,470 | 272,469 | — | — | 272,469 | 272,469 | — | 28,339 | 661,159 | Jan-15 | N/A | 100 | 31 |
| 41. Logan City (South Phase 5) (龍光城南五期) | Huizhou | Residential | 90,779 | 77,985 | 62,477 | — | 38,031 | 24,446 | 62,477 | — | 89,847 | 113,313 | Jan-14 | Apr-13 | 100 | 31 |
| 42. Logan City (North Phase 1) (龍光城北一期) | Huizhou | Residential | 252,816[10] | 127,455 | 68,055 | — | — | 68,055 | 68,055 | — | 172,571 | 215,256 | Jun-14 | Jan-14 | 100 | 31 |
| 43. Logan City (North Phase 2) (龍光城北二期) | Huizhou | Residential | 252,816[10] | 259,655 | 218,018 | — | — | 218,018 | 218,018 | — | 20,975 | 566,315 | Apr-15 | N/A | 100 | 31 |
| 44. Imperial Summit Sky Villa (君御旗峰) | Dongguan | Residential | 53,715 | 208,779 | 143,848 | — | 51,893 | 91,955 | 143,848 | — | 531,369 | 91,851 | Dec-13 | Apr-12 | 100 | 29 |
| 45. Nanning Grand Riverside Bay (Phase 1—Under Development Portion) (南寧水悅龍灣一期發展中部份) | Nanning | Residential | 73,709[10] | 109,121 | 32,418 | — | 25,646 | 666 | 26,312 | 6,106 | 86,316 | 24,616 | Dec-13 | Dec-10 | 100 | 24, 32 |
| 46. Nanning Grand Riverside Bay (Phase 2) (南寧水悅龍灣二期) | Nanning | Residential | 73,709[10] | 331,450 | 252,547 | — | 97,034 | 138,012 | 235,046 | 17,501 | 342,703 | 276,293 | Jun-14 | Mar-12 | 100 | 24, 32 |
| 47. Nanning Grand Riverside Bay (Phase 3) (南寧水悅龍灣三期) | Nanning | Residential | 8,683 | 19,044 | 13,791 | — | 3,659 | 10,132 | 13,791 | — | 32,102 | 9,228 | Jul-15 | Oct-13 | 100 | 32 |
| 48. Grasse Vieille Ville (Phase 3)—Ocean Grange (海悅城邦三期—海悅熙園) | Zhongshan | Residential | 36,667 | 107,094 | 91,361 | — | 82,246 | 9,115 | 91,361 | — | 128,435 | 74,052 | Jun-14 | Jan-13 | 100 | 34 |
| 49. Grasse Vieille Ville (Phase 4)—Ocean Vista Residence (海悅城邦四期—海悅華庭) | Zhongshan | Residential | 62,233 | 163,378 | 145,392 | — | — | 145,392 | 145,392 | — | 13,418 | 347,233 | Mar-15 | Nov-13 | 100 | 41 |

| Projects | City | Planned Use | Site Area[1] | Total GFA[2] | Total saleable/ leasable GFA (inclusive of GFA sold)[3] | Total Saleable GFA: Of which was sold[4] | Total Saleable GFA: Of which was pre-sold[4] | Total Saleable GFA: Of which remains unsold[4] | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment[4] | Development costs incurred[5] | Estimated further development costs to complete the project[6] | Expected completion date[7] | Pre-sales commencement date[8] | Interest attributable to us (as of the Latest Practicable Date)[9] | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(RMB'000)* | *(RMB'000)* | | | *(%)* | |
| 50. Chengdu Sky Palace (成都天悅龍庭) | Chengdu | Residential | 47,191 | 235,834 | 169,417 | — | 88,215 | 81,202 | 169,417 | — | 531,250 | 135,160 | Feb-14 | May-12 | 100 | 33 |
| 51. Provence (Phase 6—Under Development Portion) (普羅旺斯六期發展中部份) | Nanning | Residential | 248,835[10] | 260,323 | 127,211 | — | 93,690 | 33,521 | 127,211 | — | 606,451 | 11,796 | Dec-13 | May-11 | 100 | 26 |
| 52. Provence (Phase 7) (普羅旺斯七期) | Nanning | Residential | 20,575 | 68,774 | 57,933 | — | 44,421 | 13,512 | 57,933 | — | 72,736 | 66,462 | Sep-14 | Nov-12 | 100 | 26 |
| 53. Provence (Phase 8) (普羅旺斯八期) | Nanning | Residential | 49,924 | 174,358 | 144,565 | — | 69,166 | 75,399 | 144,565 | — | 131,534 | 212,359 | Dec-14 | Apr-13 | 100 | 26 |
| 54. Foshan Grand Riverside Bay (Phase 1) (佛山水悅龍灣一期) | Foshan | Residential | 132,035[10] | 226,100 | 181,690 | — | 39,363 | 142,327 | 181,690 | — | 244,989 | 403,947 | Dec-14 | Mar-13 | 66 | 37 |
| 55. Foshan Grand Joy Castle (佛山君悅華府) | Foshan | Residential | 18,948 | 83,162 | 62,359 | — | — | 62,359 | 62,359 | — | 26,678 | 161,222 | Dec-14 | Jan-14 | 100 | 35 |
| 56. Zhongshan Grand Garden (中山水悅熙園) | Zhongshan | Residential | 36,897 | 107,387 | 91,556 | — | 26,712 | 64,843 | 91,556 | — | 68,903 | 132,647 | Nov-15 | Jul-13 | 100 | 36 |
| 57. Huizhou Grand Riverside Bay (Phase 1) (惠州水悅龍灣一期) | Huizhou | Residential | 53,326 | 233,905 | 160,751 | — | 27,536 | 133,215 | 160,751 | — | 113,566 | 354,904 | Nov-14 | Aug-13 | 100 | 28 |
| 58. Nanning Royal Castle (南寧君御華府) | Nanning | Residential | 26,805 | 141,619 | 106,234 | — | — | 106,234 | 106,234 | — | 21,293 | 329,775 | Jul-15 | N/A | 100 | 38 |
| 59. Foshan Joy Palace (佛山君悅龍庭) | Foshan | Residential | 71,828 | 292,886 | 230,656 | — | 12,238 | 218,418 | 230,656 | — | 61,807 | 561,993 | May-15 | Sep-13 | 100 | 39 |
| 60. Longteng Homestead (Phase 1) (龍騰嘉園一期) | Shantou | Residential | 133,892[10] | 448,364 | 359,598 | — | — | 359,598 | 359,598 | — | 17,036 | 925,978 | Sep-16 | N/A | 100 | 40 |
| Sub-total | | | 1,326,060 | 5,548,424 | 4,228,356 | — | 1,507,692 | 2,677,107 | 4,184,799 | 43,557 | 5,884,814 | 8,013,195 | | | | |

| Projects | City | Planned Use | Site Area[1] | Total GFA[2] | Total saleable/leasable GFA (inclusive of GFA sold)[3] | Total saleable GFA: Of which was sold[4] | Total saleable GFA: Of which was pre-sold[4] | Total saleable GFA: Of which remains unsold[4] | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment[4] | Development costs incurred[5] | Estimated further development costs to complete the project[6] | Expected completion date[7] | Interest attributable to us (as of the Latest Practicable Date)[9] | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(RMB'000)* | *(RMB'000)* | | *(%)* | |
| **Held for future development** | | | | | | | | | | | | | | | |
| 61. Logan City (Remaining land) (龍光城剩餘土地) | Huizhou | Residential | 1,012,517 | 3,313,834 | 2,558,066 | — | — | 2,558,066 | 2,558,066 | — | 114,766 | 6,542,951 | N/A | 100 | 43 |
| 62. Huizhou Grand Riverside Bay (Phase 2) (惠州水悦龍灣二期) | Huizhou | Residential | 52,626 | 76,851 | 74,690 | — | — | 74,690 | 74,690 | — | — | 153,919 | N/A | 100 | 42 |
| 63. Seaside Dragon Bay (海語龍灣) | Lingshui | Residential | 259,333 | 426,142 | 386,097 | — | — | 386,097 | 386,097 | — | 545 | 1,480,874 | N/A | 100 | 44 |
| 64. Foshan Grand Riverside Bay (Phase 2) (佛山水悦龍灣二期) | Foshan | Residential | 132,035[10] | 200,510 | 135,452 | — | — | 135,452 | 135,452 | — | — | 426,747 | N/A | 66 | 47 |
| 65. Dongguan Grand Joy Castle (東莞君御華府) | Dongguan | Residential | 29,643 | 69,201 | 58,636 | — | — | 58,636 | 58,636 | — | 2,507 | 163,642 | N/A | 100 | 46 |
| 66. Provence (Phase 9) (普羅旺斯九期) | Nanning | Residential | 34,536 | 182,054 | 137,744 | — | — | 137,744 | 137,744 | — | 2,034 | 385,709 | N/A | 100 | 45 |
| 67. Shanjie Building (尚街大廈 ) | Foshan | Residential | 13,519 | 69,627 | 53,704 | — | — | 53,704 | 53,704 | — | 639 | 176,564 | N/A | 100 | 48 |
| 68. Foshan Parcel (佛山綠景路項目) | Foshan | Residential | 19,618 | 88,661 | 68,524 | — | — | 68,524 | 68,524 | — | 120 | 286,010 | N/A | 100 | 49 |
| 69. Longteng Homestead (Remaining Land) (龍騰嘉園剩餘土地) | Shantou | Residential | 133,892[10] | 221,336 | 175,967 | — | — | 175,967 | 175,967 | — | — | 465,522 | N/A | 100 | 50 |
| Sub-total | | | 1,421,793 | 4,648,217 | 3,648,879 | — | — | 3,648,879 | 3,648,879 | — | 120,611 | 10,081,938 | | | |

| Projects | City | Planned Use | Site Area(1) | Total GFA(2) | Total saleable/ leasable GFA (inclusive of GFA sold)(3) | Total saleable GFA: Of which was sold(4) | Total saleable GFA: Of which was pre-sold(4) | Total saleable GFA: Of which remains unsold(4) | Unsold and pre-sold saleable GFA | Total leasable GFA held as investment(4) | Development costs incurred(5) | Estimated further development costs to complete the project(6) | Expected completion date(7) | Interest attributable to us (as of the Latest Practicable Date)(9) | Reference to Property Valuation Report (property number) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(RMB'000)* | *(RMB'000)* | | *(%)* | |
| **Contracted to be acquired** | | | | | | | | | | | | | | | |
| 70. Zhongshan Parcel (中山88畝用地) | Zhongshan | Residential | 58,908 | 174,212 | 145,539 | — | — | 145,539 | 145,539 | — | — | 398,400 | N/A | 100 | 51 |
| Subtotal | | | 58,908 | 174,212 | 145,539 | — | — | 145,539 | 145,539 | — | — | 398,400 | | | |
| Total | | | 4,313,828 | 14,650,012 | 11,557,353 | 3,349,793 | 1,546,767 | 6,544,412 | 8,091,179 | 116,381 | 18,426,353 | 18,493,533 | | | |

*Notes:*

(1) Site area is based on the relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements, depending on which documents are available.

(2) Total GFA is based on completion certificates, construction permits or other relevant documents, depending on which documents are available, and includes saleable areas, non-saleable areas, car parks and public areas.

(3) Total GFA (including GFA that has been sold) minus car parks, non-saleable areas and public areas.

(4) The total saleable GFA sold, pre-sold, remaining unsold and total leasable GFA held as investment do not include car parks, non-saleable areas and public areas and have been derived from our internal records.

(5) Construction costs only.

(6) Estimated further development costs are based solely on our project plans, target costs and internal estimates, and are subject to change.

(7) The actual or estimated construction completion date represents the completion date of the whole project. Certain properties within the project may have been completed before that date. Actual construction completion date is based on the completion certificate or other relevant documents, depending on which documents are available. Estimated construction completion date is based on our current estimation.

(8) The actual or expected pre-sales commencement date is based on pre-sale permits or our project plans (for projects for which we have not obtained pre-sale permits).

(9) Attributable interest is based on our effective ownership interest in the respective project companies.

(10) Palm Waterfront North (Phase 1) and Palm Waterfront North (Phase 2) together occupied a site area of 55,763 sq.m., and Palm Waterfront South occupied a site area of 102,669 sq.m. All phases and portions constituting Palm Waterfront occupied a total site area of 158,432 sq.m. Shenzhen Sky Palace (Phases 1 and 2) together occupied a total site area of 51,826 sq.m. Shenzhen Grand Joy Palace (Phases 1, 2 and 3) together occupied a total site area of 66,708 sq.m. Grand View (Phases 1, 2, 3 and 4) together occupied a total site area of 83,033 sq.m. Provence (Phases 2, 4, 5, Phase 6—Completed Portion and Phase 6—Under Development Portion) together were expected to occupy a total site area of 248,835 sq.m. Logan City (Phase 1—Group 1—Low-rise Garden Apartments, Phase 1—Group 1—High-rise Residential Apartments and Phase 1—Group 1—Ancillary Entertainment Building) were expected to occupy a total site area of 136,005 sq.m. Nanning Grand Riverside Bay (Phase 1—Completed Portion, Phase 1—Under Development Portion and Phase 2) were expected to occupy a total site area of 73,709 sq.m. Seaward Sunshine (High-rise Residential Apartments and Commercial Building) were expected to occupy a total site area of 71,764 sq.m. Huizhou Sky Palace (Phases 1, 2 and 3) were expected to occupy a total site area of 89,328 sq.m. Logan City (North Phase 1 and North Phase 2) were expected to occupy a total site area of 252,816 sq.m. Foshan Grand Riverside Bay (Phases 1 and 2) were expected to occupy a total site area of 132,035 sq.m. Longteng Homestead (Phase 1 and Remaining Land) Portion together were expected to occupy a total site area of 133,892 sq.m.

(11) Total development costs incurred for all phases.

(12) Seaward Sunshine is being developed pursuant to a joint development agreement we entered into in September 2012 with the landowners of various adjacent parcels of land in Shantou, Guangdong Province, pursuant to which we wholly own a total GFA of 682,218 sq.m. of the total GFA of 722,256 sq.m. expected to compose Seaward Sunshine. For further details, please refer to the section entitled "—Our Property Projects—Description of Our Projects—Seaward Sunshine" in this document.

(13) We did not (i) have unsold and pre-sold saleable GFA and (ii) hold any investment properties with respect to these projects as of October 31, 2013, and as a result the Property Valuation Report in Appendix III to this document does not reflect these projects.

### *Contracted Sales*

The table below sets forth a breakdown of our total contracted sales and contracted ASP for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Contracted sales attributable to:** | | | | |
| Saleable GFA (RMB million) | 2,993.8 | 4,413.9 | 9,519.9 | 5,718.7 |
| Car parks (RMB million) | 38.1 | 52.7 | 217.3 | 68.9 |
| **Total (RMB million)** | 3,031.9 | 4,466.6 | 9,737.2 | 5,787.6 |
| Contracted saleable GFA (sq.m.) | 432,204 | 591,842 | 1,150,798 | 758,703 |
| Contracted ASP of saleable GFA (RMB/sq.m.) | 6,927 | 7,458 | 8,272 | 7,537 |

Our contracted ASP of saleable GFA increased by 7.7% from RMB6,927 per sq.m. in 2010 to RMB7,458 per sq.m. in 2011, and further increased by 10.9% to RMB8,272 per sq.m. in 2012, despite the downward pricing pressures in the PRC property market in the second half of 2011 and early 2012. For the six months ended June 30, 2013, our contracted ASP of saleable GFA amounted to RMB7,537 per sq.m., primarily due to contracted saleable GFA attributable to Logan City constituting a sizable proportion of our total contracted saleable GFA during the same period, and units of Logan City contracted for sales during such period had lower ASP.

***Description of Our Projects***

The map below sets out the cities where we had property projects as of October 31, 2013, which is the date of our Property Valuation Report in Appendix III to this document:

## 1. Landscape Residence—峰景華庭

***Project Overview***

Landscape Residence is a residential property project located in the Luogang District of Guangzhou, Guangdong Province, comprising high-rise residential apartments and ancillary retail units.

Guangdong Logan (Group), one of our predecessors entered into a land grant contract together with a land development agreement with respect to Landscape Residence and Fragrant Valley in February 2007, which was amended in April 2007, pursuant to which we agreed to develop Landscape Residence as limited-price housing. The total land premium of RMB392.1 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Guangzhou Property.

Landscape Residence was completed in October 2010, and as of October 31, 2013, occupied a total site area of 102,732 sq.m. with a total GFA of 344,182 sq.m., and comprised residential units with a total saleable GFA of 247,656 sq.m. and retail units with a total saleable GFA of 5,915 sq.m., of which we have retained 2,226 sq.m. of leasable GFA for investment purposes. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The project also provides a number of amenities for residents, including neighborhood committee facilities and a clinic.

The table below sets forth information on Landscape Residence, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | July 2007 |
| —Completion | October 2010 |
| Development costs incurred (RMB'000) | 688,338 |
| Total GFA (sq.m.)[1] | 344,182 |
| Total saleable/leasable GFA (sq.m.) | 253,571 |
| Saleable GFA sold (sq.m.) | 251,345 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | 2,226 |
| Saleable GFA remaining (sq.m.) | — |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 247,656 | 5,915 |
| Saleable GFA sold (sq.m.) | 247,656 | 3,689 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Leasable GFA held for investment (sq.m.) | — | 2,226 |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 3,999 | 25,033 |

*Note:*

(1) Includes approximately 2,064 car parks.

## 2. Fragrant Valley—香悦山


### *Project Overview*

Fragrant Valley is a residential property project located in the Luogang District of Guangzhou, Guangdong Province, comprising low-rise garden apartments.

Guangdong Logan (Group), one of our predecessors entered into a land grant contract together with a land development agreement with respect to Landscape Residence and Fragrant Valley in February 2007, which was amended in April 2007. The total land premium of RMB392.1 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Guangzhou Property.

Fragrant Valley was completed in June 2011, and as of October 31, 2013, occupied a total site area of 39,299 sq.m. with a total GFA of 45,212 sq.m., and comprised residential units with a total saleable GFA of 29,228 sq.m. The project also provides a number of amenities for residents, including a kindergarten.

The table below sets forth information on Fragrant Valley, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | March 2008 |
| —Completion | June 2011 |
| Development costs incurred (RMB'000) | 201,019 |
| Total GFA (sq.m.)(1) | 45,212 |
| Total saleable/leasable GFA (sq.m.) | 29,228 |
| Saleable GFA sold (sq.m.) | 28,765 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 463 |
| ASP per sq.m. (RMB) | 20,558 |

*Note:*

(1) Includes approximately 128 car parks.

### 3. Palm Waterfront—棕櫚水岸

***Project Overview***

Palm Waterfront is a residential property project located in the Nansha District of Guangzhou, Guangdong Province, comprising high-rise residential apartments, low-rise garden apartments and ancillary retail units.

Logan Real Estate, one of our predecessors, entered into a land grant contract with respect to Palm Waterfront in February 2008, as supplemented in April 2008, December 2008 and May 2009. The total land premium of RMB299.3 million has been paid in full. We have obtained the land use rights certificates for this project. We developed this project through Guangzhou Realty.

As of October 31, 2013, Palm Waterfront occupied a total site area of 158,432 sq.m. with a total GFA of 308,012 sq.m., and comprised residential units with a total saleable GFA of 220,347 sq.m. and retail units with a total saleable GFA of 12,065 sq.m. The project also provides a number of amenities for residents, including a kindergarten, a nursery school and a meat and vegetable market.

Palm Waterfront was developed in three phases. Palm Waterfront North (Phase 1) was completed in December 2011 and comprises a residential development and retail units with a total GFA of 61,711 sq.m. Palm Waterfront North (Phase 2) was completed in June 2012 and comprises a residential development and retail units with a total GFA of 68,308 sq.m. Palm Waterfront South was completed in June 2013 and comprises a residential development and retail units with a total GFA of 177,993 sq.m.

On March 15, 2013, an article (the "Article") appeared on the Internet describing subsidence in this development. We believe that such natural subsidence did not result from the construction or quality of construction of Palm Waterfront, but rather reflected the geological condition of the land within the Nansha District as (i) the Internet article reported that numerous other property projects in the Nansha District had also experience similar natural subsidence phenomena, and (ii) officers from the relevant governmental department visited Palm Waterfront and confirmed that the natural subsidence occurring in that development was within the normal range caused by the complex geological structure of the Nansha District. We further believe that the phenomenon does not affect the construction integrity, quality or safety of the development because the buildings are constructed on foundation driven into the bedrock, which is not affected by natural subsidence. See "Risk Factors—Risks relating to Our Business—We may be adversely affected by inaccurate, false or negative media coverage."

The last phase of Palm Waterfront was completed in June 2013, and we have received all relevant completion certificates after passing on-site examinations and inspections by local government authorities. We do not believe the natural subsidence has affected our sales. The Article first appeared on the Internet in March 2013. From January to March 2013, Palm Waterfront had contracted sales of RMB80.7 million, attributable to contracted saleable GFA of 6,195 sq.m. and resulting in contracted ASP of RMB13,023 per sq.m. For April to October 2013, Palm Waterfront had contracted sales of RMB204.7 million, attributable to contracted saleable GFA of 7,978 sq.m. and resulting in contracted ASP of RMB20,733 per sq.m. As of the Latest Practicable Date, we had not received any claim for damages resulting from the natural subsidence, and had incurred RMB0.5 million towards rectifications. With this experience, we will take potential natural subsidence into consideration when we consider acquiring future land in the area.

***North (Phase 1)***

The table below sets forth information on Palm Waterfront North (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | November 2009 |
| —Completion | December 2011 |
| Development costs incurred (RMB'000)(2) | 477,299 |
| Total GFA (sq.m.)(1) | 61,711 |
| Total saleable/leasable GFA (sq.m.) | 59,241 |
| Saleable GFA sold (sq.m.) | 59,133 |
| Saleable GFA pre-sold (sq.m.) | 108 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 56,259 | 2,982 |
| Saleable GFA sold (sq.m.) | 56,151 | 2,982 |
| Saleable GFA pre-sold (sq.m.) | 108 | — |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 6,266 | 33,598 |

*Notes:*

(1) Includes approximately 213 car parks.

(2) Total development costs incurred for all North (Phases 1 and 2).

***North (Phase 2)***

The table below sets forth information on Palm Waterfront North (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | November 2009 |
| —Completion | June 2012 |
| Development costs incurred (RMB'000)(2) | 477,299 |
| Total GFA (sq.m.)(1) | 68,308 |
| Total saleable/leasable GFA (sq.m.) | 55,350 |
| Saleable GFA sold (sq.m.) | 54,992 |
| Saleable GFA pre-sold (sq.m.) | 120 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 238 |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 53,137 | 2,213 |
| Saleable GFA sold (sq.m.) | 53,137 | 1,856 |
| Saleable GFA pre-sold (sq.m.) | — | 120 |
| Saleable GFA remaining (sq.m.) | — | 238 |
| ASP per sq.m. (RMB) | 8,010 | 28,867 |

*Notes:*

(1) Includes approximately 272 car parks.

(2) Total development costs incurred for all North (Phases 1 and 2).

*South*

The table below sets forth information on Palm Waterfront South, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | December 2010 |
| —Completion | June 2013 |
| Development costs incurred (RMB'000) | 695,115 |
| Total GFA (sq.m.)(1) | 177,993 |
| Total saleable/leasable GFA (sq.m.) | 117,821 |
| Saleable GFA sold (sq.m.) | 105,263 |
| Saleable GFA pre-sold (sq.m.) | 4,627 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA (remaining sq.m.) | 7,931 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 110,951 | 6,870 |
| Saleable GFA sold (sq.m.) | 99,761 | 5,502 |
| Saleable GFA pre-sold (sq.m) | 4,344 | 283 |
| Saleable GFA remaining (sq.m.) | 6,846 | 1,085 |
| ASP per sq.m. (RMB) | 8,742 | 32,808 |

*Note:*

(1) Includes approximately 745 car parks.

## 4. Flying Dragon Garden—龍騰熙園

*Project Overview*

Flying Dragon Garden is a residential property project located in the Longhu District of Shantou, Guangdong Province, comprising high-rise residential apartments and ancillary retail units.

We entered into land grant and land use right transfer contracts with respect to Flying Dragon Garden in June 2009 and September 2010. The total land premium of RMB95.4 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Shantou Jinfengyuan.

Flying Dragon Garden was completed in March 2012, and as of October 31, 2013, occupied a total site area of 53,851 sq.m. with a total GFA of 255,255 sq.m., and comprised residential units with a total saleable GFA of 201,245 sq.m. and retail units with a total saleable GFA of 4,265 sq.m. The project also provides a number of amenities for residents, including a vegetable market and a kindergarten.

The table below sets forth information on Flying Dragon Garden, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | October 2010 |
| —Completion | March 2012 |
| Development costs incurred (RMB'000) | 669,395 |
| Total GFA (sq.m.)[(1)] | 255,255 |
| Total saleable/leasable GFA (sq.m.) | 205,511 |
| Saleable GFA sold (sq.m.) | 202,644 |
| Saleable GFA pre-sold (sq.m.) | 955 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 1,912 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 201,245 | 4,265 |
| Saleable GFA sold (sq.m.) | 198,778 | 3,866 |
| Saleable GFA pre-sold (sq.m.) | 955 | — |
| Saleable GFA remaining (sq.m.) | 1,512 | 399 |
| ASP per sq.m. (RMB) | 4,584 | 12,518 |

*Note:*

(1) Includes approximately 1,074 car parks.

### 5. Shenzhen Sky Palace—深圳天悦龍庭

***Project Overview***

Shenzhen Sky Palace is a residential property project located in the Bao'an District of Shenzhen, Guangdong Province, comprising high-rise residential apartments and ancillary retail units.

We, together with Guangdong Logan (Group), one of our predecessors, entered into a land grant contract with respect to Shenzhen Sky Palace in April 2003, as supplemented in June 2003 and July 2006. The total land premium of RMB289.2 million has been paid in full. We have obtained the land use rights certificates for this project. We developed this project through Shenzhen Logan Property.

As of October 31, 2013, Shenzhen Sky Palace occupied a total site area of 51,826 sq.m. with a total GFA of 222,635 sq.m., and comprised residential units with a total saleable GFA of 152,560 sq.m. and retail units with a total saleable GFA of 16,781 sq.m., of which we have retained 7,021 sq.m. of leasable GFA for investment purposes. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The project also provides a number of amenities for residents, including a clubhouse and kindergarten.

Shenzhen Sky Palace was developed in two phases. Shenzhen Sky Palace (Phase 1) was completed in October 2005 and comprises a residential development and retail units with a total GFA of 88,405 sq.m. Shenzhen Sky Palace (Phase 2) was completed in January 2006 and comprises a residential development and retail units with a total GFA of 134,230 sq.m.

***Phase 1***

The table below sets forth information on Shenzhen Sky Palace (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | April 2004 |
| —Completion | October 2005 |
| Development costs incurred (RMB'000) | 269,013 |
| Total GFA (sq.m.)[(1)] | 88,405 |
| Total saleable/leasable GFA (sq.m.) | 71,417 |
| Saleable GFA sold (sq.m.) | 64,078 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | 7,021 |
| Saleable GFA remaining (sq.m.) | 318 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 59,627 | 11,789 |
| Saleable GFA sold (sq.m.) | 59,627 | 4,450 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Leasable GFA held for investment (sq.m.) | — | 7,021 |
| Saleable GFA remaining (sq.m.) | — | 318 |
| ASP per sq.m. (RMB) | 5,695 | 29,336 |

*Note:*
(1) Includes approximately 383 car parks.

***Phase 2***

The table below sets forth information on Shenzhen Sky Palace (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | April 2004 |
| —Completion | January 2006 |
| Development costs incurred (RMB'000) | 364,521 |
| Total GFA (sq.m.)[(1)] | 134,230 |
| Total saleable/leasable GFA (sq.m.) | 97,924 |
| Saleable GFA sold (sq.m.) | 97,924 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 92,933 | 4,991 |
| Saleable GFA sold (sq.m.) | 92,933 | 4,991 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 5,996 | 23,142 |

*Note:*
(1) Includes approximately 754 car parks.

**6. Shenzhen Grand Joy Palace—深圳君悦龍庭**

***Project Overview***

Shenzhen Grand Joy Palace is a residential property project located in the Longgang District of Shenzhen, Guangdong Province, comprising high-rise residential apartments and ancillary retail units.

We entered into a land grant contract with respect to Shenzhen Grand Joy Palace in December 2005. The total land premium of RMB506.0 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Shenzhen Logan Property.

As of October 31, 2013, the project occupied a total site area of 66,708 sq.m. with a total GFA of 229,451 sq.m., and comprised residential units with a total saleable GFA of 158,345 sq.m. and retail units with a total saleable GFA of 6,729 sq.m. The project also provides a number of amenities for residents, including a clubhouse and kindergarten.

Shenzhen Grand Joy Palace was developed in three phases. Shenzhen Grand Joy Palace (Phase 1) was completed in December 2008 and comprises a residential development and retail units with a total GFA of 23,295 sq.m. Shenzhen Grand Joy Palace (Phase 2) was completed in September 2009 and comprises a residential development and retail units with a total GFA of 73,591 sq.m. Shenzhen Grand Joy Palace (Phase 3) was completed in March 2010 and comprises a residential development and retail units with a total GFA of 132,565 sq.m.

***Phase 1***

The table below sets forth information on Shenzhen Grand Joy Palace (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | March 2006 |
| —Completion | December 2008 |
| Development costs incurred (RMB'000) | 77,223 |
| Total GFA (sq.m.)[(1)] | 23,295 |
| Total saleable/leasable GFA (sq.m.) | 16,415 |
| Saleable GFA sold (sq.m.) | 16,415 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 14,857 | 1,558 |
| Saleable GFA sold (sq.m.) | 14,857 | 1,558 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 9,120 | 27,297 |

*Note:*

(1) Includes approximately 71 car parks.

***Phase 2***

The table below sets forth information on Shenzhen Grand Joy Palace (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | March 2006 |
| —Completion | September 2009 |
| Development costs incurred (RMB'000) | 285,981 |
| Total GFA (sq.m.)[(1)] | 73,591 |
| Total saleable/leasable GFA (sq.m.) | 60,708 |
| Saleable GFA sold (sq.m.) | 60,708 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 58,021 | 2,687 |
| Saleable GFA sold (sq.m.) | 58,021 | 2,687 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 8,682 | 26,479 |

*Note:*

(1) Includes approximately 300 car parks.

### *Phase 3*

The table below sets forth information on Shenzhen Grand Joy Palace (Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | March 2006 |
| —Completion | March 2010 |
| Development costs incurred (RMB'000) | 446,051 |
| Total GFA (sq.m.)[(1)] | 132,565 |
| Total saleable/leasable GFA (sq.m.) | 87,951 |
| Saleable GFA sold (sq.m.) | 87,629 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 322 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 85,467 | 2,484 |
| Saleable GFA sold (sq.m.) | 85,145 | 2,484 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 322 | — |
| ASP per sq.m. (RMB) | 10,503 | 25,400 |

*Note:*

(1) Includes approximately 999 car parks.

## 7. Golden Bay Garden—金灣花園

***Project Overview***

Golden Bay Garden is a residential property project located in the Daya Bay Economic and Technological Development Zone of Huizhou, Guangdong Province, comprising high-rise residential apartments for use as affordable housing and ancillary retail units.

We entered into a land grant contract with respect to Golden Bay Garden and Huizhou Sky Palace in November 2007, as supplemented in September 2010, subsequent to entering into a sale and purchase agreement with the Daya Bay Economic and Technological Development Zone Management Committee Relocation Office (the "Daya Bay Relocation Office") in October 2007. Pursuant to our contractual arrangements, (i) we committed to develop Golden Bay Garden, on a one-off basis, as an affordable housing project for sales to the Daya Bay Relocation Office and (ii) we were granted the right to develop and retain Huizhou Sky Palace for sales on the open market. The Daya Bay Relocation Office paid RMB70.5 million of the RMB169.4 million aggregate land premium, representing the portion of the land premium attributable to Golden Bay Garden, and we paid the remaining RMB89.5 million, representing the portion of the land premium attributable to Huizhou Sky Palace. As a result, the aggregate land premium under the land grant contract has been paid in full. Excluding the land premium it was responsible for, the Daya Bay Relocation Office was obligated to pay us a total of RMB387.4 million to develop Golden Bay Garden and sell the project to the Daya Bay Relocation Office. Such payments were made in installments, each due within ten days after the construction reached an agreed benchmark and passed the quality inspections. Although we have obtained the land use rights certificates for this project, we developed Golden Bay Garden under the instruction of and for sales solely to the Daya Bay Relocation Office. Accordingly, pursuant to [●], we recognize revenue from this project not as turnover from sales of properties, but instead as construction income, which amounted to RMB105.0 million during the Track Record Period. We developed this project through Huizhou Daya Bay.

Golden Bay Garden was completed in December 2010, and as of October 31, 2013, occupied a total site area of 70,358 sq.m. with a total GFA of 255,286 sq.m., and comprised residential units with a total saleable GFA of 199,236 sq.m. and retail units with a total saleable GFA of 19,834 sq.m.

The table below sets forth information on Golden Bay Garden, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | January 2008 |
| —Completion | December 2010 |
| Development costs incurred (RMB'000) | 380,910 |
| Total GFA (sq.m.)[(1)] | 255,286 |
| Total saleable/leasable GFA (sq.m.) | 219,070 |
| Saleable GFA sold (sq.m.) | 219,070 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 199,236 | 19,834 |
| Saleable GFA sold (sq.m.) | 199,236 | 19,834 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 1,500 | 1,500 |

*Note:*

(1) Includes approximately 1,196 car parks.

## 8. Grand View—水悦雲天

***Project Overview***

Grand View is a residential property project located in the Shunde District of Foshan, Guangdong Province, comprising high-rise residential apartments and low-rise garden apartments.

We entered into a land grant contract with respect to Grand View in December 2007, as supplemented in January, April and June 2009. The total land premium of RMB416.0 million has been paid in full. We have obtained the land use rights certificates for this project. We developed this project through Shunde Realty.

As of October 31, 2013, Grand View occupied a total site area of 83,033 sq.m. with a total GFA of 356,784 sq.m., and comprised residential units with a total saleable GFA of 307,598 sq.m.

Grand View was developed in four phases. Grand View (Phase 1) comprises a residential development with a total saleable GFA of 15,450 sq.m. Grand View (Phase 2) comprises a residential development with a total saleable GFA of 77,922 sq.m. Grand View (Phase 3) comprises a residential development with a total saleable GFA of 103,982 sq.m. Grand View (Phase 4) comprises a residential development with a total saleable GFA of 110,244 sq.m. Construction of all four phases has been completed.

***Phase 1***

The table below sets forth information on Grand View (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | April 2009 |
| —Completion | November 2011 |
| Development costs incurred (RMB'000) | 38,623 |
| Total GFA (sq.m.) | 17,031 |
| Total saleable/leasable GFA (sq.m.) | 15,450 |
| Saleable GFA sold (sq.m.) | 15,450 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |
| ASP per sq.m. (RMB) | 8,394 |

***Phase 2***

The table below sets forth information on Grand View (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| — Commencement | July 2009 |
| — Completion | November 2011 |
| Development costs incurred (RMB'000) | 206,195 |
| Total GFA (sq.m.)(1) | 90,866 |
| Total saleable/leasable GFA (sq.m.) | 77,922 |
| Saleable GFA sold (sq.m.) | 77,922 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |
| ASP per sq.m. (RMB) | 6,169 |

*Note:*

(1) Includes approximately 227 car parks.

***Phase 3***

The table below sets forth information on Grand View (Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | October 2009 |
| —Completion | March 2012 |
| Development costs incurred (RMB'000) | 370,754 |
| Total GFA (sq.m.)(1) | 118,321 |
| Total saleable/leasable GFA (sq.m.) | 103,982 |
| Saleable GFA sold (sq.m.) | 101,575 |
| Saleable GFA pre-sold (sq.m.) | 593 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 1,814 |
| ASP per sq.m. (RMB) | 6,316 |

*Note:*

(1) Includes approximately 486 car parks.

***Phase 4***

The table below sets forth information on Grand View (Phase 4), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | November 2009 |
| —Completion | June 2012 |
| Development costs incurred (RMB'000) | 434,916 |
| Total GFA (sq.m.)(1) | 130,567 |
| Total saleable/leasable GFA (sq.m.) | 110,244 |
| Saleable GFA sold (sq.m.) | 101,776 |
| Saleable GFA pre-sold (sq.m.) | 3,866 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 4,601 |
| ASP per sq.m. (RMB) | 7,096 |

*Note:*

(1) Includes approximately 395 car parks.

## 9. Grasse Vieille Ville—海悦城邦

***Project Overview***

Grasse Vieille Ville is a residential property project located in the Tanzhou Town in Zhongshan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

We, together with Logan Real Estate, one of our predecessors, entered into land use right transfer and a land grant contract agreements with respect to Grasse Vieille Ville in February and April 2007, May 2012 and May 2013. The total land premium of RMB658.5 million has been paid in full. We have obtained the land use rights certificates for this project. We are developing Phases 1, 2 and 3 of this project through Zhongshan Property, and Phase 4 of this project through Zhongshan Junchi.

As of October 31, 2013, Grasse Vieille Ville was expected to occupy a total site area of 184,053 sq.m. with a total GFA of 514,507 sq.m., and comprises residential units with a total saleable GFA of 414,818 sq.m. and retail units with a total saleable GFA of 34,745 sq.m. The project also provides a number of amenities for residents, including a clubhouse.

Grasse Vieille Ville is being developed in four phases. Grasse Vieille Ville (Phase 1) was completed in December 2009 and comprises a residential development and retail units with a total GFA of 71,947 sq.m. Grasse Vieille Ville (Phase 2) was completed in January 2011 and comprises a residential development and retail units with a total GFA of 172,087 sq.m. Grasse Vieille Ville (Phase 3) is under development and is expected to comprise a residential development and retail units with a total GFA of 107,094 sq.m. Grasse Vieille Ville (Phase 4) is under development and is expected to comprise a residential development and retail units with a total GFA of 163,378 sq.m.

***Phase 1***

The table below sets forth information on Grasse Vieille Ville (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | December 2007 |
| —Completion | December 2009 |
| Development costs incurred (RMB'000) | 144,569 |
| Total GFA (sq.m.) | 71,947 |
| Total saleable/leasable GFA (sq.m.) | 69,776 |
| Saleable GFA sold (sq.m.) | 69,776 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | — |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 65,096 | 4,679 |
| Saleable GFA sold (sq.m.) | 65,096 | 4,679 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 3,875 | 14,010 |

***Phase 2***

The table below sets forth information on Grasse Vieille Ville (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | March 2008 |
| —Completion | January 2011 |
| Development costs incurred (RMB'000) | 382,618 |
| Total GFA (sq.m.)[1] | 172,087 |
| Total saleable/leasable GFA (sq.m.) | 143,033 |
| Saleable GFA sold (sq.m.) | 142,984 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 49 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 140,306 | 2,727 |
| Saleable GFA sold (sq.m.) | 140,257 | 2,727 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 49 | — |
| ASP per sq.m. (RMB) | 5,596 | 16,104 |

*Note:*

(1) Includes approximately 707 car parks.

### *Phase 3—Ocean Grange*

The table below sets forth information on Grasse Vieille Ville (Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | December 2012 |
| —Expected completion | June 2014 |
| Development costs incurred (RMB'000) | 128,435 |
| Estimated further development costs to be incurred (RMB'000) | 74,052 |
| Total GFA (sq.m.)[(1)] | 107,094 |
| Total saleable/leasable GFA (sq.m.) | 91,361 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 82,246 |
| Total leasable GFA held for investment | — |
| Saleable GFA remaining (sq.m.) | 9,115 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 85,973 | 5,388 |
| Saleable GFA pre-sold (sq.m.) | 82,246 | — |
| Saleable GFA remaining (sq.m.) | 3,727 | 5,388 |

*Note:*

(1) Includes approximately 709 car parks.

### *Phase 4—Ocean Vista Residence*

The table below sets forth information on Grasse Vieille Ville (Phase 4), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | September 2013 |
| —Expected completion | March 2015 |
| Development costs incurred (RMB'000) | 13,418 |
| Estimated further development costs to be incurred (RMB'000) | 347,233 |
| Total GFA (sq.m.)[(1)] | 163,378 |
| Total saleable/leasable GFA (sq.m.) | 145,392 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 145,392 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 123,442 | 21,950 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 123,442 | 21,950 |

*Note:*

(1) Includes approximately 522 car parks.

### 10. Easy Life—海悦雲天


***Project Overview***

Easy Life is a residential property project located in the Xiangzhou District of Zhuhai, Guangdong Province, comprising high-rise residential apartments and ancillary retail units.

We acquired the land by entering into a land use right transfer agreement with respect to Easy Life in June 2007 for a transfer price of RMB75.0 million, which has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Zhuhai Property.

Easy Life was completed in June 2012, and as of October 31, 2013, occupied a total site area of 18,862 sq.m. with a total GFA of 92,313 sq.m., and comprised residential units with a total saleable GFA of 63,858 sq.m. and retail units with a total saleable GFA of 3,306 sq.m. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The project also provides a number of amenities for residents, including a clubhouse.

The table below sets forth information on Easy Life, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | September 2009 |
| —Completion | June 2012 |
| Development costs incurred (RMB'000) | 518,549 |
| Total GFA (sq.m.)(1) | 92,313 |
| Total saleable/leasable GFA (sq.m.) | 67,163 |
| Saleable GFA sold (sq.m.) | 66,104 |
| Saleable GFA pre-sold (sq.m.) | 517 |
| Total leasable GFA held for investment (sq.m.) | 543 |
| Saleable GFA remaining (sq.m.) | — |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 63,858 | 3,306 |
| Saleable GFA sold (sq.m.) | 63,637 | 2,467 |
| Saleable GFA pre-sold (sq.m.) | 221 | 296 |
| Leasable GFA held for investment (sq.m.) | — | 543 |
| Saleable GFA remaining (sq.m.) | — | — |
| ASP per sq.m. (RMB) | 12,547 | 46,385 |

*Note:*

(1) Includes approximately 447 car parks.

## 11. Provence—普羅旺斯

### *Project Overview*

Provence is a residential property project located in the Jiangnan District of Nanning, Guangxi Province, expected to comprise low- and high-rise residential apartments, low-rise garden apartments and ancillary retail units.

We, together with Logan Real Estate, one of our predecessors, entered into a series of land grant contracts with respect to Provence between April 2006 and December 2012. The total land premium of RMB1,596.5 million has been paid in full. We have obtained the land use rights certificates for this project. We are developing this project through Nanning Property.

As of October 31, 2013, Provence was expected to occupy a total site area of 503,621 sq.m. with a total GFA of 1,867,094 sq.m., and comprise residential units with a total saleable GFA of 1,391,224 sq.m. and retail and other units with a total saleable GFA of 99,949 sq.m., of which we expect to retain 10,655 sq.m. of leasable GFA for investment purposes. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The project also provides a number of amenities for residents, including a clubhouse, school and kindergarten.

Provence is being developed in ten phases. Provence (Phase 1) was completed in November 2008 and comprises a residential development and retail units with a total GFA of 212,712 sq.m. Provence (Phase 2) was completed in June 2009 and comprises a residential development and retail units with a total GFA of 154,458 sq.m. Provence (Phase 3) was completed in January 2010 and comprises a residential development and retail units with a total GFA of 276,177 sq.m. Provence (Phase 4) was completed in December 2010 and comprises a residential development and retail units with a total GFA of 168,288 sq.m. Provence (Phase 5) was completed in June 2012 and comprises a residential development and retail units with a total GFA of 218,242 sq.m. Provence (Phase 6—Completed Portion) was completed in September 2013 and comprises a residential development with a total GFA of 151,708 sq.m. Provence (Phase 6—Under Development Portion) is under development and expected to be completed in December 2013 and comprise a residential development and retail units with a total GFA of 260,323 sq.m. Provence (Phase 7) is under development and is expected to be completed in September 2014 and comprise a residential development and retail units with a total GFA of 68,774 sq.m. Provence (Phase 8) is under development and is expected to be completed in December 2014 and comprise a residential development and retail units with a total GFA of 174,358 sq.m. Provence (Phase 9) is held for future development and is expected to comprise a residential development and retail units with a total GFA of 182,054 sq.m.

***Phase 1***

The table below sets forth information on Provence (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | July 2006 |
| —Completion | November 2008 |
| Development costs incurred (RMB'000) | 361,152 |
| Total GFA (sq.m.)[(1)] | 212,712 |
| Total saleable/leasable GFA (sq.m.) | 181,209 |
| Saleable GFA sold (sq.m.) | 177,253 |
| Saleable GFA pre-sold (sq.m.) | 1,049 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 2,908 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 167,896 | 13,313 |
| Saleable GFA sold (sq.m.) | 167,141 | 10,112 |
| Saleable GFA pre-sold (sq.m.) | — | 1,049 |
| Saleable GFA remaining (sq.m.) | 755 | 2,153 |
| ASP per sq.m. (RMB) | 3,091 | 8,733 |

*Note:*

(1) Includes approximately 538 car parks.

***Phase 2***

The table below sets forth information on Provence (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | June 2007 |
| —Completion | June 2009 |
| Development costs incurred (RMB'000) | 280,994 |
| Total GFA (sq.m.)[1] | 154,458 |
| Total saleable/leasable GFA (sq.m.) | 134,010 |
| Saleable GFA sold (sq.m.) | 123,009 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | 7,941 |
| Saleable GFA remaining (sq.m.) | 3,060 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 118,606 | 15,404 |
| Saleable GFA sold (sq.m.) | 118,606 | 4,403 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Leasable GFA held for investment (sq.m.) | — | 7,941 |
| Saleable GFA remaining (sq.m.) | — | 3,060 |
| ASP per sq.m. (RMB) | 3,538 | 8,890 |

*Note:*

(1) Includes approximately 466 car parks.

***Phase 3***

The table below sets forth information on Provence (Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | January 2008 |
| —Completion | January 2010 |
| Development costs incurred (RMB'000) | 566,170 |
| Total GFA (sq.m.)[(1)] | 276,177 |
| Total saleable/leasable GFA (sq.m.) | 222,944 |
| Saleable GFA sold (sq.m.) | 219,531 |
| Saleable GFA pre-sold (sq.m.) | 2,156 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 1,256 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 207,385 | 15,559 |
| Saleable GFA sold (sq.m.) | 207,266 | 12,265 |
| Saleable GFA pre-sold (sq.m.) | — | 2,156 |
| Saleable GFA remaining (sq.m.) | 119 | 1,138 |
| ASP per sq.m. (RMB) | 3,729 | 12,789 |

*Note:*

(1) Includes approximately 1,016 car parks.

***Phase 4***

The table below sets forth information on Provence (Phase 4), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | March 2009 |
| —Completion | December 2010 |
| Development costs incurred (RMB'000) | 381,401 |
| Total GFA (sq.m.)[(1)] | 168,288 |
| Total saleable/leasable GFA (sq.m.) | 150,687 |
| Saleable GFA sold (sq.m.) | 148,850 |
| Saleable GFA pre-sold (sq.m.) | 497 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 1,339 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 146,085 | 4,602 |
| Saleable GFA sold (sq.m.) | 145,208 | 3,642 |
| Saleable GFA pre-sold (sq.m.) | — | 497 |
| Saleable GFA remaining (sq.m.) | 877 | 462 |
| ASP per sq.m. (RMB) | 4,878 | 24,903 |

*Note:*

(1) Includes approximately 481 car parks.

***Phase 5***

The table below sets forth information on Provence (Phase 5), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| — Commencement | October 2009 |
| — Completion | June 2012 |
| Development costs incurred (RMB'000) | 589,307 |
| Total GFA (sq.m.)(1) | 218,242 |
| Total saleable/leasable GFA (sq.m.) | 188,595 |
| Saleable GFA sold (sq.m.) | 178,427 |
| Saleable GFA pre-sold (sq.m.) | 3,505 |
| Total leasable GFA held for investment (sq.m.) | 2,714 |
| Saleable GFA remaining (sq.m.) | 3,948 |

| | Residential | Retail | Others |
|---|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 182,303 | 3,578 | 2,714(2) |
| Saleable GFA sold (sq.m.) | 177,693 | 734 | — |
| Saleable GFA pre-sold (sq.m.) | 3,127 | 378 | — |
| Leasable GFA held for investment (sq.m.) | — | — | 2,714 |
| Saleable GFA remaining (sq.m.) | 1,483 | 2,465 | — |
| ASP per sq.m. (RMB) | 5,640 | 26,055 | — |

*Notes:*

(1) Includes approximately 705 car parks.

(2) Consists of a kindergarten to which we retain ownership rights after completion.

***Phase 6—Completed Portion***

The table below sets forth information on Provence (Phase 6—Completed Portion), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | May 2011 |
| —Completion | September 2013 |
| Development costs incurred (RMB'000) | 360,296 |
| Total GFA (sq.m.)(1) | 151,708 |
| Total saleable/leasable GFA (sq.m.) | 146,276 |
| Saleable GFA sold (sq.m.) | 118,127 |
| Saleable GFA pre-sold (sq.m.) | 10,821 |
| Saleable GFA remaining (sq.m.) | 17,328 |
| ASP per sq.m. (RMB) | 5,709 |

*Note:*

(1) Includes approximately 1,610 car parks for Phase 6—Completed Portion and Phase 6—Under Development Portion.

***Phase 6—Under Development Portion***

The table below sets forth information on Provence (Phase 6—Under Development Portion), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | May 2011 |
| —Expected completion | December 2013 |
| Development costs incurred (RMB'000) | 606,451 |
| Estimated further development costs to be incurred (RMB'000) | 11,796 |
| Total GFA (sq.m.)[(1)] | 260,323 |
| Total saleable/leasable GFA (sq.m.) | 127,211 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 93,690 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 33,521 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 120,171 | 7,040 |
| Saleable GFA pre-sold (sq.m.) | 93,690 | — |
| Saleable GFA remaining (sq.m.) | 26,481 | 7,040 |

*Note:*

(1) Includes approximately 1,610 car parks for Phase 6—Completed Portion and Phase 6—Under Development Portion.

***Phase 7***

The table below sets forth information on Provence (Phase 7), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | August 2012 |
| —Expected completion | September 2014 |
| Development costs incurred (RMB'000) | 72,736 |
| Estimated further development costs to be incurred (RMB'000) | 66,462 |
| Total GFA (sq.m.)[(1)] | 68,774 |
| Total saleable/leasable GFA (sq.m.) | 57,933 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 44,421 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 13,512 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 49,565 | 8,368 |
| Saleable GFA pre-sold (sq.m.) | 44,421 | — |
| Saleable GFA remaining (sq.m.) | 5,144 | 8,368 |

*Note:*

(1) Includes approximately 521 car parks.

***Phase 8***

The table below sets forth information on Provence (Phase 8), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | January 2013 |
| —Expected completion | December 2014 |
| Development costs incurred (RMB'000) | 131,534 |
| Estimated further development costs to be incurred (RMB'000) | 212,359 |
| Total GFA (sq.m.) | 174,358 |
| Total saleable/leasable GFA (sq.m.) | 144,565 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 69,166 |
| Total leasable GFA held for investment | — |
| Saleable GFA remaining (sq.m.) | 75,399 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 126,948 | 17,617 |
| Saleable GFA pre-sold (sq.m.) | 69,166 | — |
| Saleable GFA remaining (sq.m.) | 57,783 | 17,617 |

***Phase 9***

The table below sets forth information on Provence (Phase 9), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction period | |
| —Commencement | N/A |
| —Expected completion | N/A |
| Development costs incurred (RMB'000) | 2,034 |
| Estimated further development costs to be incurred (RMB'000) | 385,709 |
| Total GFA (sq.m.) | 182,054 |
| Total saleable/leasable GFA (sq.m.) | 137,744 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 125,989 | 11,755 |

### 12. Logan Century Center—龍光世紀大廈

***Project Overview***

Logan Century Center is an office property project located in the Bao'an District of Shenzhen, Guangdong Province, comprising high-rise office buildings and ancillary retail units. The Logan Century Center is near the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (前海深港現代服務業合作區), and has three subway lines servicing its vicinity.

We entered into a land grant contract with respect to Logan Century Center in July 2006 as supplemented in July 2010. The total land premium of RMB375.4 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Shenzhen Logan Property. Near the end of 2010, we moved our headquarters into Logan Century Center.

Logan Century Center was completed in June 2010, and as of October 31, 2013, occupied a total site area of 17,203 sq.m., with a total GFA of 80,058 sq.m., and comprised office units with a total saleable GFA of 43,582 sq.m. and retail units with a total saleable GFA of 13,018 sq.m., of which we have retained 42,090 sq.m. of leasable GFA for investment purposes. As of October 31, 2013, we had leased out a majority of the leasable office GFA of Logan Century Center to Shenzhen Tencent Computer System Co., Ltd., which accounted for a substantial portion of our rental income over the Track Record Period, under a tenancy agreement that commenced in 2011 and is expected to expire in 2016. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. In 2011, 2012 and the six months ended June 30, 2013, our rental income in relation to the Logan Century Center amounted to RMB24.4 million, RMB53.8 million and RMB27.5 million, respectively, and we generated turnover of RMB165.6 million, RMB718.7 million and nil, respectively, by selling its ancillary retail units.

The table below sets forth information on Logan Century Center, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | February 2007 |
| —Completion | June 2010 |
| Development costs incurred (RMB'000) | 924,596 |
| Total GFA (sq.m.)[(1)] | 80,058 |
| Total saleable/leasable GFA (sq.m.) | 56,600 |
| Saleable GFA sold (sq.m.) | 13,018 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | 42,090 |
| Saleable GFA remaining (sq.m.) | 1,492 |

| | Office | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 43,582 | 13,018 |
| Saleable GFA sold (sq.m.) | — | 13,018 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Leasable GFA held for investment (sq.m.) | 42,090 | — |
| Saleable GFA remaining (sq.m.) | 1,492 | — |
| ASP per sq.m. (RMB) | — | 82,471 |

*Note:*

(1) Includes approximately 509 car parks.

## 13. Sunshine Castle—陽光華府

***Project Overview***

Sunshine Castle is a residential property project located in the Longhu District of Shantou, Guangdong Province, comprising high-rise residential apartments.

We entered into a land use right transfer contract with respect to Sunshine Castle in June 2009. The total land premium of RMB46.5 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Shantou Logan Property.

Sunshine Castle was completed in December 2012 and as of October 31, 2013 occupied a total site area of 5,166 sq.m. with a total GFA of 24,948 sq.m., and comprised residential units with a total saleable GFA of 20,453 sq.m.

The table below sets forth information on Sunshine Castle, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | August 2010 |
| —Completion | December 2012 |
| Development costs incurred (RMB'000) | 89,265 |
| Total GFA (sq.m.)(1) | 24,948 |
| Total saleable/leasable GFA (sq.m.) | 20,453 |
| Saleable GFA sold (sq.m.) | 18,739 |
| Saleable GFA pre-sold (sq.m.) | 1,045 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 670 |
| ASP per sq.m. (RMB) | 10,450 |

*Note:*

(1) Includes approximately 72 car parks.

## 14. Logan City—龍光城

### *Project Overview*

Logan City is a residential property project located in the Daya Bay Economic and Technological Development Zone of Huizhou, Guangdong Province, expected to comprise low- and high-rise residential apartments, low-rise garden apartments and ancillary retail units.

We entered into land grant contracts with respect to Logan City in March 2007. The total land premium of RMB1,094.1 million has been fully paid. We have obtained the land use rights certificates for this project. We are developing this project through Dongzhen Property.

As of October 31, 2013, the project was expected to occupy a total site area of 1,707,115 sq.m., with a total GFA of 5,031,477 sq.m., and comprise residential units with a total saleable GFA of 3,818,661 sq.m., and retail units with a total saleable GFA of 119,222 sq.m. We have retained 26,900 sq.m. of leasable GFA for investment purposes. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The project also provides a number of amenities for residents, including clubhouses, schools and gymnasiums.

Logan City is currently our largest property development project and we are focused on its successful development. Logan City is strategically located near eastern Shenzhen within a short walking distance of the Shenzhen border, and has convenient access to a planned station on the Shenzhen subway system. Our current development plan is to develop Logan City to specifically target rigid demand for residential property from Shenzhen. Based on our current estimates and future plans, we expect to apply our quick development operation model to complete the development of Logan City in approximately six years, during which we will further divide Logan City into various phases. Upon completion, Logan City will be a large residential living community with clubhouses, schools, gymnasiums and ancillary retail units. We believe our extensive experience and strong execution capabilities in developing quality living communities will support our development of Logan City.

We are developing Logan City in various phases and plan to further divide the remaining land into development phases at suitable times in the future. Logan City (Phase 1—Group 1—Low-rise Garden Apartments) was completed in December 2011 with a total GFA of 66,391 sq.m. Logan City (Phase 1—Group 1—High-rise Residential Apartments) is under development and expected to be completed in March 2014 with a total GFA of 85,918 sq.m. Logan City (Phase 1—Group 1—Ancillary Entertainment Building) is under development and expected to be completed in January 2014 with a total GFA of 19,950 sq.m. Logan City (Phase 1—Group 2) was completed in December 2012 and comprises a residential development and retail units with a total GFA of 285,674 sq.m. Logan City (South Phase 2) is under development and expected to be completed in May 2014 with a total GFA of 178,994 sq.m. Logan City (South Phase 3) is under development and expected to be completed in February 2015 with a total GFA of 292,151 sq.m. Logan City (South Phase 4) is under development and expected to be completed in January 2015 with a total GFA of 323,470 sq.m. Logan City (South Phase 5) is under development and expected to be completed in January 2014 with a total GFA of 77,985 sq.m. Logan City (North Phase 1) is under development and expected to be completed in June 2014 with a total GFA of 127,455 sq.m. Logan City (North Phase 2) is under development and expected to be completed in April 2015 with a total GFA of 259,655 sq.m. Logan City also has 1,012,517 sq.m. in site area that has not yet been divided into phases, for which we have already obtained the land use rights certificates, with a total GFA of 3,313,834 sq.m. expected to comprise a residential development and retail units.

### *Phase 1—Group 1—Low-rise Garden Apartments*

The table below sets forth information on Logan City (Phase 1—Group 1—Low-rise Garden Apartments), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | July 2009 |
| —Completion | December 2011 |
| Development costs incurred (RMB'000) | 543,260 |
| Total GFA (sq.m.)[(1)] | 66,391 |
| Total saleable/leasable GFA (sq.m.) | 61,271 |
| Saleable GFA sold (sq.m.) | 55,600 |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 5,671 |
| ASP per sq.m. (RMB) | 8,733 |

*Note:*

(1) Includes approximately 261 car parks.

### *Phase 1—Group 1—High-rise Residential Apartments*

The table below sets forth information on Logan City (Phase 1—Group 1—High-rise Residential Apartments), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | July 2009 |
| —Expected completion | March 2014 |
| Development costs incurred (RMB'000) | 106,875 |
| Estimated further development costs to be incurred (RMB'000) | 84,283 |
| Total GFA (sq.m.)[(1)] | 85,918 |
| Total saleable/leasable GFA (sq.m.) | 76,080 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 31,385 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 44,695 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 71,144 | 4,936 |
| Saleable GFA pre-sold (sq.m.) | 31,385 | — |
| Saleable GFA remaining (sq.m.) | 39,759 | 4,936 |

*Note:*

(1) Includes approximately 344 car parks.

### *Phase 1—Group 1—Ancillary Entertainment Building*

The table below sets forth information on Logan City (Phase 1—Group 1—Ancillary Entertainment Building), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | July 2009 |
| —Expected completion | January 2014 |
| Development costs incurred (RMB'000) | 121,772 |
| Estimated further development costs to be incurred (RMB'000) | 2,301 |
| Total GFA (sq.m.) | 19,950 |
| Total saleable/leasable GFA (sq.m.) | 19,950 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | 19,950 |
| Saleable GFA remaining (sq.m.) | — |

### *Phase 1—Group 2*

The table below sets forth information on Logan City (Phase 1—Group 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | January 2010 |
| —Completion | December 2012 |
| Development costs incurred (RMB'000) | 755,454 |
| Total GFA (sq.m.)(1) | 285,674 |
| Total saleable/leasable GFA (sq.m.) | 226,562 |
| Saleable GFA sold (sq.m.) | 205,482 |
| Saleable GFA pre-sold (sq.m.) | 7,348 |
| Total leasable GFA held for investment (sq.m.) | 6,950 |
| Saleable GFA remaining (sq.m.) | 6,782 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 213,403 | 13,159 |
| Saleable GFA sold (sq.m.) | 199,273 | 6,209 |
| Saleable GFA pre-sold (sq.m.) | 7,348 | — |
| Leasable GFA held for investment (sq.m.) | — | 6,950 |
| Saleable GFA remaining (sq.m.) | 6,782 | — |
| ASP per sq.m. (RMB) | 4,993 | 11,640 |

*Note:*

(1) Includes approximately 1,550 car parks.

***South Phase 2***

The table below sets forth information on Logan City (South Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | November 2012 |
| —Expected completion | May 2014 |
| Development costs incurred (RMB'000) | 218,623 |
| Estimated further development costs to be incurred (RMB'000) | 135,692 |
| Total GFA (sq.m.)(1) | 178,994 |
| Total saleable/leasable GFA (sq.m.) | 150,005 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 136,633 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 13,372 |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 146,389 | 3,616 |
| Saleable GFA pre-sold (sq.m.) | 136,633 | — |
| Saleable GFA remaining (sq.m.) | 9,756 | 3,616 |

*Note:*

(1) Includes approximately 906 car parks.

***South Phase 3***

The table below sets forth information on Logan City (South Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | April 2013 |
| —Expected completion | February 2015 |
| Development costs incurred (RMB'000) | 232,178 |
| Estimated further development costs to be incurred (RMB'000) | 402,245 |
| Total GFA (sq.m.)(1) | 292,151 |
| Total saleable/leasable GFA (sq.m.) | 244,880 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 184,000 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 60,879 |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 237,523 | 7,357 |
| Saleable GFA pre-sold (sq.m.) | 184,000 | — |
| Saleable GFA remaining (sq.m.) | 53,522 | 7,357 |

*Note:*

(1) Includes approximately 1,817 car parks.

*South Phase 4*

The table below sets forth information on Logan City (South Phase 4), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | August 2013 |
| —Expected completion | January 2015 |
| Development costs incurred (RMB'000) | 28,339 |
| Estimated further development costs to be incurred (RMB'000) | 661,159 |
| Total GFA (sq.m.)(1) | 323,470 |
| Total saleable/leasable GFA (sq.m.) | 272,469 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 272,469 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 259,113 | 13,356 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 259,113 | 13,356 |

*Note:*

(1) Includes approximately 2,378 car parks.

*South Phase 5*

The table below sets forth information on Logan City (South Phase 5), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | April 2013 |
| —Expected completion | January 2014 |
| Development costs incurred (RMB'000) | 89,847 |
| Estimated further development costs to be incurred (RMB'000) | 113,313 |
| Total GFA (sq.m.)(1) | 77,985 |
| Total saleable/leasable GFA (sq.m.) | 62,477 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 38,031 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 24,446 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 62,477 | — |
| Saleable GFA pre-sold (sq.m.) | 38,031 | — |
| Saleable GFA remaining (sq.m.) | 24,446 | — |

*Note:*

(1) Includes approximately 260 car parks.

### *North Phase 1*

The table below sets forth information on Logan City (North Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | May 2013 |
| —Expected completion | June 2014 |
| Development costs incurred (RMB'000) | 172,571 |
| Estimated further development costs to be incurred (RMB'000) | 215,256 |
| Total GFA (sq.m.)[1] | 127,455 |
| Total saleable/leasable GFA (sq.m.) | 68,055 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 68,055 |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 48,559 | 19,496 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 48,559 | 19,496 |

*Note:*

(1) Includes approximately 750 car parks.

### *North Phase 2*

The table below sets forth information on Logan City (North Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | June 2013 |
| —Expected completion | April 2015 |
| Development costs incurred (RMB'000) | 20,975 |
| Estimated further development costs to be incurred (RMB'000) | 566,315 |
| Total GFA (sq.m.)[1] | 259,655 |
| Total saleable/leasable GFA (sq.m.) | 218,018 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 218,018 |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 210,756 | 7,262 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 210,756 | 7,262 |

*Note:*

(1) Includes approximately 1,440 car parks.

### *Remaining Land*

The tables below set forth information on the remaining land for Logan City that has not yet been divided into phases, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction period | |
| —Commencement | N/A |
| —Expected completion | N/A |
| Development costs incurred (RMB'000) | 114,766 |
| Estimated further development costs to be incurred (RMB'000) | 6,542,951 |
| Total GFA (sq.m.)[1] | 3,313,834 |
| Total saleable/leasable GFA (sq.m.) | 2,558,066 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 2,508,026 | 50,040 |

*Note:*

(1) Includes approximately 17,294 car parks.

**15. Nanning Grand Riverside Bay—南寧水悦龍灣**

***Project Overview***

Nanning Grand Riverside Bay is a residential property project located in the Xixiangtang District of Nanning, Guangxi Province, expected to comprise high-rise residential apartments and ancillary retail units.

We entered into land grant contracts with respect to Nanning Grand Riverside Bay in July 2010 and July 2012. The total land premium of RMB914.6 million has been paid in full. We have obtained the land use rights certificates for this project. We are developing this project through Nanning Jinjun.

As of October 31, 2013, Nanning Grand Riverside Bay was expected to occupy a total site area of 82,392 sq.m. with a total GFA of 662,616 sq.m., and comprise residential units with a total saleable GFA of 475,708 sq.m. and retail units with a total saleable GFA of 24,255 sq.m., of which we expect to retain 23,607 sq.m. of leasable GFA for investment purposes. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The project also provides a number of amenities for residents, including a kindergarten.

Nanning Grand Riverside Bay is expected to be developed in four phases. Nanning Grand Riverside Bay (Phase 1—Completed Portion) was completed in December 2012 and comprises a residential development with a total GFA of 203,001 sq.m. Nanning Grand Riverside Bay (Phase 1—Under Development Portion) is under development and expected to be completed in December 2013 and comprise a residential development and retail units with a total GFA of 109,121 sq.m. Nanning Grand Riverside Bay (Phase 2) is under development and expected to be completed in June 2014 and comprise a residential development and retail units with a total GFA of 331,450 sq.m. Nanning Grand Riverside Bay (Phase 3) is under development and is expected to comprise a residential development with a total saleable GFA of 13,143 sq.m. and retail units with a total saleable GFA of 648 sq.m.

***Phase 1—Completed Portion***

The table below sets forth information on Nanning Grand Riverside Bay (Phase 1—Completed Portion), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | August 2010 |
| —Completion | December 2012 |
| Development costs incurred (RMB'000) | 657,512 |
| Total GFA (sq.m.)(1) | 203,001 |
| Total saleable/leasable GFA (sq.m.) | 201,206 |
| Saleable GFA sold (sq.m.) | 199,286 |
| Saleable GFA pre-sold (sq.m.) | 1,789 |
| Saleable GFA remaining (sq.m.) | 132 |
| ASP per sq.m. (RMB) | 6,199 |

*Note:*

(1) Includes approximately 1,925 car parks for Phase 1 (Completed Portion and Under Development Portion).

***Phase 1—Under Development Portion***

The table below sets forth information on Nanning Grand Riverside Bay (Phase 1—Under Development Portion), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | November 2010 |
| —Expected completion | December 2013 |
| Development costs incurred (RMB'000) | 86,316 |
| Estimated further development costs to be incurred (RMB'000) | 24,616 |
| Total GFA (sq.m.)(1) | 109,121 |
| Total saleable/leasable GFA (sq.m.) | 32,418 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 25,646 |
| Total leasable GFA held for investment (sq.m.) | 6,106 |
| Saleable GFA remaining (sq.m.) | 666 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 26,312 | 6,106 |
| Saleable GFA pre-sold (sq.m.) | 25,646 | — |
| Total leasable GFA held for investment (sq.m.) | — | 6,106 |
| Saleable GFA remaining (sq.m.) | 666 | — |

*Note:*

(1) Includes approximately 1,925 car parks for Phase 1 (Completed Portion and Under Development Portion).

***Phase 2***

The table below sets forth information on Nanning Grand Riverside Bay (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | August 2011 |
| —Expected completion | June 2014 |
| Development costs incurred (RMB'000) | 342,703 |
| Estimated further development costs to be incurred (RMB'000) | 276,293 |
| Total GFA (sq.m.)(1) | 331,450 |
| Total saleable/leasable GFA (sq.m.) | 252,547 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 97,034 |
| Total leasable GFA held for investment (sq.m.) | 17,501 |
| Saleable GFA remaining (sq.m.) | 138,012 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 235,046 | 17,501 |
| Saleable GFA pre-sold (sq.m.) | 97,034 | — |
| Leasable GFA held for investment (sq.m.) | — | 17,501 |
| Saleable GFA remaining (sq.m.) | 138,012 | — |

*Note:*

(1) Includes approximately 1,968 car parks.

***Phase 3***

The table below sets forth information on Nanning Grand Riverside Bay (Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | August 2013 |
| —Expected completion | July 2015 |
| Development costs incurred (RMB'000) | 32,102 |
| Estimated further development costs to be incurred (RMB'000) | 9,228 |
| Total GFA (sq.m.) | 19,044 |
| Total saleable/leasable GFA (sq.m.) | 13,791 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 3,659 |
| Total saleable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 10,132 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 13,143 | 648 |
| Saleable GFA pre-sold (sq.m.) | 3,659 | — |
| Saleable GFA remaining (sq.m.) | 9,484 | 648 |

**16. Seaward Sunshine—尚海陽光**

***Project Overview***

Seaward Sunshine is a residential property project located in the Longhu District of Shantou, Guangdong Province, expected to comprise high-rise residential apartments, ancillary retail units and a commercial building.

We together with our predecessors entered into various land grant and land use right transfer contracts with respect to Seaward Sunshine from July 2005 to September 2010. The total land premium of RMB223.1 million has been paid in full. Seaward Sunshine is being developed pursuant to several joint development agreements we entered into in October 2007, December 2009 and September 2012 with the landowners of various adjacent parcels of land in Shantou, Guangdong Province, comprising Logan Real Estate and two independent third parties, with whom we jointly hold the relevant project development permits. In addition, in February 2011, we entered into an entrustment agreement with Logan Real Estate, pursuant to which we are entitled to all rights and benefits arising from Logan Real Estate's portion of Seaward Sunshine, the management and development of which we have entrusted to Logan Real Estate under our direction, in exchange for our payment of the related development costs. Pursuant to these agreements, we wholly own and are entitled to the rights and benefits arising from the saleable portions of a total GFA of 682,218 sq.m. of the total GFA of 722,256 sq.m. expected to compose Seaward Sunshine. As a result, the Accountants' Report and Property Valuation Report in Appendices I and III to this document, respectively, include the total GFA of 682,218 sq.m. wholly owned by us and do not include the total GFA of 40,038 sq.m. directly held by the two independent third parties, in which we do not have any interest.

As of October 31, 2013, Seaward Sunshine was divided into a commercial building project and a high-rise residential apartments project. The commercial building was completed in April 2011 with a total GFA of 3,340 sq.m. We currently use it as our sales center, and after such usage we plan to continue to retain it for investment purposes. For further details of our investment properties, please see the section entitled "—Investment Properties" in this document. The high-rise residential apartments project is under development, and is expected to be completed in July 2014 and occupy a total site area of 70,282 sq.m., with a total GFA of 678,878 sq.m.

The table below sets forth information on the portions of Seaward Sunshine in which we have ownership interests, based on our internal estimates, records and current project plans as of October 31, 2013:

***Seaward Sunshine—Commercial Building—尚海陽光商業綜合樓***

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | December 2010 |
| —Completion | April 2011 |
| Development costs incurred (RMB'000) | 29,073 |
| Total GFA (sq.m.)(1) | 3,340 |
| Total saleable/leasable GFA (sq.m.) | 3,340 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | 3,340 |
| Saleable GFA remaining (sq.m.) | — |

*Note*:

(1) Includes approximately 3,258 car parks for Seaward Sunshine—Commercial Building and Seaward Sunshine—High-rise Residential Apartments.

***Seaward Sunshine—High-rise Residential Apartments—尚海陽光高層公寓***

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | January 2011 |
| —Expected completion | July 2014 |
| Development costs incurred (RMB'000) | 1,622,954 |
| Estimated further development costs to be incurred (RMB'000) | 1,340,630 |
| Total GFA (sq.m.)(1) | 678,878 |
| Total saleable/leasable GFA (sq.m.) | 534,061 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 378,303 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 155,757 |

| | **Residential** | **Retail** |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 516,657 | 17,404 |
| Saleable GFA pre-sold (sq.m.) | 371,015 | 7,288 |
| Saleable GFA remaining (sq.m.) | 145,642 | 10,115 |

*Note:*

(1) Includes approximately 3,258 car parks for Seaward Sunshine—Commercial Building and Seaward Sunshine—High-rise Residential Apartments.

### 17. Huizhou Sky Palace—惠州天悅龍庭

#### *Project Overview*

Huizhou Sky Palace is a residential property project located in the Daya Bay Economic and Technological Development Zone of Huizhou, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

We entered into a land grant contract with respect to Golden Bay Garden and Huizhou Sky Palace in November 2007, as supplemented in September 2010, subsequent to entering into a sale and purchase agreement with the Daya Bay Relocation Office pursuant to which (i) we committed to develop Golden Bay Garden for sales to the Daya Bay Relocation Office for use as affordable housing, and (ii) we were granted the right to develop and retain Huizhou Sky Palace for sales on the open market. Pursuant to the land grant contract, the Daya Bay Relocation Office paid RMB70.5 million of the RMB160.0 million aggregate land premium, representing the portion of the land premium attributable to Golden Bay Garden, and we paid the remaining RMB89.5 million, representing the portion of the land premium attributable to Huizhou Sky Palace, and as a result the aggregate land premium under the land grant contract has been paid in full. We have obtained the land use rights certificates for this project. We are developing this project through Huizhou Daya Bay.

As of October 31, 2013, Huizhou Sky Palace was expected to occupy a total site area of 89,328 sq.m. with a total GFA of 373,389 sq.m., and comprise residential units with a total saleable GFA of 276,931 sq.m. and retail units with a total saleable GFA of 13,754 sq.m. The project also provides a number of amenities for residents, including a clubhouse.

Huizhou Sky Palace is being developed in three phases. Huizhou Sky Palace (Phase 1) was completed in May 2013 and comprises a residential development and retail units with a total GFA of 80,999 sq.m. Huizhou Sky Palace (Phase 2) is under development and expected to be completed in June 2014 and comprise a residential development and retail units with a total GFA of 165,102 sq.m. Huizhou Sky Palace (Phase 3) is under development and expected to be completed in May 2015 and comprise a residential development and retail units with a total GFA of 127,288 sq.m.

#### *Phase 1*

The table below sets forth information on Huizhou Sky Palace (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Completed |
| Construction period | |
| —Commencement | May 2010 |
| —Completion | May 2013 |
| Development costs incurred (RMB'000) | 229,360 |
| Total GFA (sq.m.)[1] | 80,999 |
| Total saleable/leasable GFA (sq.m.) | 79,651 |
| Saleable GFA sold (sq.m.) | 68,918 |
| Saleable GFA pre-sold (sq.m.) | 80 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 10,653 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 69,422 | 10,229 |
| Saleable GFA sold (sq.m.) | 68,918 | — |
| Saleable GFA pre-sold (sq.m.) | 80 | — |
| Saleable GFA remaining (sq.m.) | 424 | 10,229 |
| ASP per sq.m. (RMB) | 3,845 | — |

*Note:*

(1) Includes approximately 337 car parks.

***Phase 2***

The table below sets forth information on Huizhou Sky Palace (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | March 2011 |
| —Expected completion | June 2014 |
| Development costs incurred (RMB'000) | 229,031 |
| Estimated further development costs to be incurred (RMB'000) | 115,521 |
| Total GFA (sq.m.)(1) | 165,102 |
| Total saleable/leasable GFA (sq.m.) | 118,481 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 77,521 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 40,960 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 117,064 | 1,417 |
| Saleable GFA pre-sold (sq.m.) | 77,521 | — |
| Saleable GFA remaining (sq.m.) | 39,543 | 1,417 |

*Note:*

(1) Includes approximately 1,019 car parks.

***Phase 3***

The table below sets forth information on Huizhou Sky Palace (Phase 3), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | March 2011 |
| —Expected completion | May 2015 |
| Development costs incurred (RMB'000) | 11,063 |
| Estimated further development costs to be incurred (RMB'000) | 256,965 |
| Total GFA (sq.m.)(1) | 127,288 |
| Total saleable/leasable GFA (sq.m.) | 92,552 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 92,552 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 90,445 | 2,108 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 90,445 | 2,108 |

*Note:*

(1) Includes approximately 479 car parks.

## 18. Imperial Summit Sky Villa—君御旗峰

### *Project Overview*

Imperial Summit Sky Villa is a residential property project located in the Dongcheng District of Dongguan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units. The Imperial Summit Sky Villa is not expected to contain any villa building, and we currently are not developing, and do not have any intention to develop, any villa project.

We entered into a land grant contract with respect to Imperial Summit Sky Villa in July 2009, as supplemented in September 2009. The total land premium of RMB703.0 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Dongguan Property.

As of October 31, 2013, Imperial Summit Sky Villa was expected to be completed in December 2013, occupy a total site area of 53,715 sq.m. with a total GFA of 208,779 sq.m., and comprise residential units with a total saleable GFA of 138,158 sq.m. and retail units with a total saleable GFA of 5,690 sq.m. The project also provides a number of amenities for residents, including a clubhouse.

The table below sets forth information on Imperial Summit Sky Villa, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | November 2010 |
| —Expected completion | December 2013 |
| Development costs incurred (RMB'000) | 531,369 |
| Estimated further development costs to be incurred (RMB'000) | 91,851 |
| Total GFA (sq.m.)(1) | 208,779 |
| Total saleable/leasable GFA (sq.m.) | 143,848 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 51,893 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 91,955 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 138,158 | 5,690 |
| Saleable GFA pre-sold (sq.m.) | 46,785 | 5,108 |
| Saleable GFA remaining (sq.m.) | 91,373 | 582 |

*Note:*

(1) Includes approximately 1,153 car parks.

## 19. Chengdu Sky Palace—成都天悅龍庭

### *Project Overview*

Chengdu Sky Palace is a residential property project located in the Jinjiang District of Chengdu, Sichuan Province, expected to comprise high-rise residential apartments and retail units.

We entered into a land grant contract and a supplemental agreement with respect to Chengdu Sky Palace in October 2010. The total land premium of RMB713.5 million has been paid in full. We have obtained the land use rights certificates for this property. We are developing this project through Chengdu Property.

As of October 31, 2013, Chengdu Sky Palace was expected to be completed in February 2014 and occupy a total site area of 47,191 sq.m. with a total GFA of 235,834 sq.m., and comprise residential units with a total saleable GFA of 167,387 sq.m. and retail units with a total saleable GFA of 2,029 sq.m.

The table below sets forth information on Chengdu Sky Palace, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | September 2011 |
| —Expected completion | February 2014 |
| Development costs incurred (RMB'000) | 531,250 |
| Estimated further development costs to be incurred (RMB'000) | 135,160 |
| Total GFA (sq.m.)(1) | 235,834 |
| Total saleable/leasable GFA (sq.m.) | 169,417 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 88,215 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 81,202 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 167,388 | 2,029 |
| Saleable GFA pre-sold (sq.m.) | 88,215 | — |
| Saleable GFA remaining (sq.m.) | 79,173 | 2,029 |

*Note:*

(1) Includes approximately 1,678 car parks.

## 20. Foshan Grand Riverside Bay—佛山水悦龍灣

***Project Overview***

Foshan Grand Riverside Bay is a residential property project located in the Chancheng District of Foshan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary residential units.

Logan Sunshine and Logan Real Estate, one of our predecessors, entered into a series of land grant and land use right transfer contracts with respect to Foshan Grand Riverside Bay in February, April and September, 2012. The total land premium of RMB337.1 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Logan Sunshine, a subsidiary 66% owned by us.

As of October 31, 2013, Foshan Grand Riverside Bay was expected to occupy a total site area of 132,035 sq.m. with a total GFA of 426,610 sq.m., and comprise residential units with a total saleable GFA of 305,237 and retail units with a total saleable GFA of 11,905 sq.m.

Foshan Grand Riverside Bay is being developed in two phases. Foshan Grand Riverside Bay (Phase 1) is under development and expected to be completed in December 2014 and comprise a residential development and retail units with a total GFA of 226,100 sq.m. Foshan Grand Riverside Bay (Phase 2) is held for future development and is expected to comprise a residential development and retail units with a total GFA of 200,510 sq.m.

***Phase 1***

The table below sets forth information on Foshan Grand Riverside Bay (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction Period | |
| —Commencement | November 2012 |
| —Expected Completion | December 2014 |
| Development cost incurred (RMB'000) | 244,989 |
| Estimated further development costs to be incurred (RMB'000) | 403,947 |
| Total GFA (sq.m.)(1) | 226,100 |
| Total saleable/leasable GFA (sq.m.) | 181,690 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 39,363 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 142,327 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 170,796 | 10,894 |
| Saleable GFA pre-sold (sq.m.) | 39,363 | — |
| Total leasable GFA held for investment (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 131,433 | 10,894 |

*Note:*

(1) Includes approximately 3,056 car parks for Phases 1 and 2.

### *Phase 2*

The table below sets forth information on Foshan Grand Riverside Bay (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction Period | |
| —Commencement | N/A |
| —Expected Completion | N/A |
| Development cost incurred (RMB'000) | — |
| Estimated further development costs to be incurred (RMB'000) | 426,747 |
| Total GFA (sq.m.)[1] | 200,510 |
| Total saleable/leasable GFA (sq.m.) | 135,452 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 134,440 | 1,012 |

*Note:*

(1) Include approximately 3,056 car parks for Phases 1 and 2.

## 21. Foshan Grand Joy Castle—佛山君悦華府

### *Project Overview*

Foshan Grand Joy Castle is a residential property project located in the Chancheng District of Foshan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

We entered into a land grant contract with respect to Foshan Grand Joy Castle in December 2012. The total land premium of RMB250.0 million has been paid in full. We have obtained the land use rights certificates for this project. We are developing this project through Foshan Chancheng.

As of October 31, 2013, Foshan Grand Joy Castle was under development and was expected to be completed in November 2014, occupy a total site area of 18,948 sq.m. with a total GFA of 83,162 sq.m., and comprise residential units with a total saleable GFA of 57,398 sq.m. and retail units with a total saleable GFA of 4,961 sq.m. The table below sets forth information on Foshan Grand Joy Castle, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | April 2013 |
| —Expected completion | December 2014 |
| Development costs incurred (RMB'000) | 26,678 |
| Estimated further development costs to be incurred (RMB'000) | 161,222 |
| Total GFA (sq.m.)(1) | 83,162 |
| Total saleable/leasable GFA (sq.m.) | 62,359 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 62,359 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 57,398 | 4,961 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 57,398 | 4,961 |

*Note:*

(1) Includes approximately 512 car parks.

## 22. Zhongshan Grand Garden—中山水悦熙園

### *Project Overview*

Zhongshan Grand Garden is a residential property project located in the West District of Zhongshan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

Zhongshan Property entered into a land use right transfer contract with respect to Zhongshan Grand Garden in December 2012, as supplemented in January 2013. The total land premium of RMB141.1 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Zhongshan Jinjun Property.

As of October 31, 2013, Zhongshan Grand Garden was expected to occupy a total site area of 36,897 sq.m. with a total GFA of 107,387 sq.m., and comprise residential units with a total saleable GFA of 78,239 sq.m. and retail units with a total saleable GFA of 13,316 sq.m. The table below sets forth information on Zhongshan Grand Garden, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | April 2013 |
| —Expected completion | November 2015 |
| Development costs incurred (RMB'000) | 68,903 |
| Estimated further development costs to be incurred (RMB'000) | 132,647 |
| Total GFA (sq.m.)(1) | 107,387 |
| Total saleable/leasable GFA (sq.m.) | 91,556 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 26,712 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 64,843 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 78,239 | 13,316 |
| Saleable GFA pre-sold (sq.m.) | 26,712 | — |
| Saleable GFA remaining (sq.m.) | 51,527 | 13,316 |

*Note:*

(1) Includes approximately 670 car parks.

## 23. Huizhou Grand Riverside Bay—惠州水悦龍灣

### *Project Overview*

Huizhou Golden Riverside Bay is a residential property project located in the Huicheng District of Huizhou, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

We entered into a land grant contract with respect to Huizhou Grand Riverside Bay in October 2009. The total land premium of RMB401.0 million has been paid in full. We have obtained the land use rights certificate for this project. We developed this project through Huizhou Property.

As of October 31, 2013, Huizhou Grand Riverside Bay was expected to occupy a total site area of 105,952 sq.m. with a total GFA of 310,756 sq.m., and comprise residential units with a total saleable GFA of 209,687 sq.m. and retail units with a total saleable GFA of 25,754 sq.m. The project also provides a number of amenities for residents, including a clubhouse, kindergarten and gymnasium.

Huizhou Grand Riverside Bay is being developed in two phases. Huizhou Grand Riverside Bay (Phase 1) is under development and expected to be completed in November 2014 and comprise a residential development and retail units with a total GFA of 160,751 sq.m. Huizhou Grand Riverside Bay (Phase 2) is held for future development and expected to comprise a residential development and retail units with a total GFA of 74,690 sq.m.

### *Phase 1*

The table below sets forth information on Huizhou Grand Riverside Bay (Phase 1), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | April 2013 |
| —Expected completion | November 2014 |
| Development costs incurred (RMB'000) | 113,566 |
| Estimated further development costs to be incurred (RMB'000) | 354,904 |
| Total GFA (sq.m.)(1) | 233,905 |
| Total saleable/leasable GFA (sq.m.) | 160,751 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 27,536 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 133,215 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 160,751 | — |
| Saleable GFA pre-sold (sq.m.) | 27,536 | — |
| Saleable GFA remaining (sq.m.) | 133,215 | — |

*Note:*

(1) Includes approximately 2,130 car parks.

### *Phase 2*

The table below sets forth information on Huizhou Grand Riverside Bay (Phase 2), based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction Period | |
| —Commencement | N/A |
| —Expected Completion | N/A |
| Development cost incurred (RMB'000) | — |
| Estimated further development costs to be incurred (RMB'000) | 153,919 |
| Total GFA (sq.m.) | 76,851 |
| Total saleable/leasable GFA (sq.m.) | 74,690 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 48,936 | 25,754 |

## 24. Nanning Royal Castle—南寧君御華府

### *Project Overview*

Nanning Royal Castle is a residential property project located in the Qingxiu District of Nanning, Guangxi Province, expected to comprise high-rise residential apartments and ancillary retail units.

Nanning Property entered into a land grant contract with respect to Nanning Royal Castle in November 2012, as supplemented in December 2012. The total land premium of RMB643.3 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Nanning Junchi.

As of October 31, 2013, Nanning Royal Castle is expected to be completed in July 2015 and occupy a total site area of 26,805 sq.m. with a total GFA of 141,619 sq.m., and comprise residential units with a total saleable GFA of 100,202 sq.m. and retail units with a total saleable GFA of 6,032 sq.m. The table below sets forth information on Nanning Royal Castle, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | July 2013 |
| —Expected completion | July 2015 |
| Development costs incurred (RMB'000) | 21,293 |
| Estimated further development costs to be incurred (RMB'000) | 329,775 |
| Total GFA (sq.m.)(1) | 141,619 |
| Total saleable/leasable GFA (sq.m.) | 106,234 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment | — |
| Saleable GFA remaining (sq.m.) | 106,234 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 100,202 | 6,032 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 100,202 | 6,032 |

*Note*:
(1) Includes approximately 870 car parks.

## 25. Foshan Joy Palace—佛山君悅龍庭

### *Project Overview*

Foshan Joy Palace is a residential property project located in the Nanhai District of Foshan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

Shunde Realty entered into a land use rights transfer contract with respect to Foshan Joy Palace in January 2013. The total land premium of RMB596.7 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Foshan Nanhai.

As of October 31, 2013 Foshan Joy Palace is under development and is expected to be completed in May 2015 and occupy a total site area of 71,828 sq.m. with a total GFA of 292,886 sq.m., and comprise residential units with a total saleable GFA of 197,241 sq.m. and retail units with a total saleable GFA of 33,415 sq.m. The table below sets forth information on Foshan Joy Palace, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | July 2013 |
| —Expected completion | May 2015 |
| Development costs incurred (RMB'000) | 61,807 |
| Estimated further development costs to be incurred (RMB'000) | 561,993 |
| Total GFA (sq.m.)(1) | 292,886 |
| Total saleable/leasable GFA (sq.m.) | 230,656 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | 12,238 |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 218,418 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 197,241 | 33,415 |
| Saleable GFA pre-sold (sq.m.) | 12,238 | — |
| Saleable GFA remaining (sq.m.) | 185,003 | 33,415 |

*Note:*

(1) Includes approximately 1,777 car parks.

## 26. Longteng Homestead—龍騰嘉園

### *Project Overview*

Longteng Homestead is a residential property project located in the Jinping District of Shantou, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

Shantou Logan Property entered into a land grant and land use right transfer contract with respect to Longteng Homestead in March 2013, as supplemented in July 2013. The total land premium of RMB976.0 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Shantou Jinjun.

As of October 31, 2013, Longteng Homestead was expected to occupy a total site area of 133,892 sq.m. with a total GFA of 669,700 sq.m., and comprise residential units with a total saleable GFA of 499,665 sq.m. and retail units with a total saleable GFA of 35,901 sq.m. Longteng Homestead is being developed in two phases. The Longteng Homestead (Phase 1) is under development and expected to be completed in September 2016 and comprise residential units with a total saleable GFA of 323,698 sq.m. and retail units with a total saleable GFA of 35,901 sq.m. The remaining land for Longteng Homestead is held for future development and is expected to comprise residential units with a total saleable GFA of 175,967 sq.m.

### *Phase 1*

The table below sets forth information on Phase 1, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Under development |
| Construction period | |
| —Commencement | September 2013 |
| —Expected completion | September 2016 |
| Development costs incurred (RMB'000) | 17,036 |
| Estimated further development costs to be incurred (RMB'000) | 925,978 |
| Total GFA (sq.m.)(1) | 448,364 |
| Total saleable/leasable GFA (sq.m.) | 359,598 |
| Saleable GFA sold (sq.m.) | — |
| Saleable GFA pre-sold (sq.m.) | — |
| Total leasable GFA held for investment (sq.m.) | — |
| Saleable GFA remaining (sq.m.) | 359,598 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 323,698 | 35,901 |
| Saleable GFA pre-sold (sq.m.) | — | — |
| Saleable GFA remaining (sq.m.) | 323,698 | 35,901 |

*Note*:

(1) Includes approximately 3,290 car parks for Longteng Homestead (Phase 1 and Remaining Land).

*Remaining Land*

The table below sets forth information on the remaining land for Longteng Homestead that has not yet been divided into phases, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction Period | |
| —Commencement | N/A |
| —Expected Completion | N/A |
| Development cost incurred (RMB'000) | — |
| Estimated further development costs to be incurred (RMB'000) | 465,522 |
| Total GFA (sq.m.)[(1)] | 221,336 |
| Total saleable/leasable GFA (sq.m.) | 175,967 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 175,967 | — |

*Note:*

(1) Includes approximately 3,290 car parks for Longteng Homestead (Phase 1 and Remaining Land).

### 27. Seaside Dragon Bay—海語龍灣

*Project Overview*

Seaside Dragon Bay is a residential property project located in Lingshui, Hainan Province, expected to comprise high-rise residential apartments, low-rise garden apartments and ancillary retail units.

We obtained the land use rights for this project by obtaining 100% of the equity interest of Hainan Junjun, which held the relevant land use rights certificates. Pursuant to the land compensation agreement and its supplementary Hainan Jinjun entered into with Daduncun People's Committee of Li'an Town in January 2011, the Daduncun peoples' committee was the owner of the resettlement housing construction project, and Hainan Jinjun was responsible for (i) the payment of related expense and resettlement compensation totaling RMB614.6 million, and in exchange Hainan Jinjun was granted the land use rights for this project without the need to pay any land premium; and (ii) acting as the agent of the Daduncun People's Committee and did not actually engage in relation to the construction work of the resettlement housing project. We have obtained the land use rights certificate of this property, and are developing this project through Hainan Junjun.

As of October 31, 2013, Seaside Dragon Bay was expected to occupy a total site area of 259,333 sq.m. with a total GFA of 426,142 sq.m., and comprise residential units with a total saleable GFA of 384,097 sq.m. and retail units with a total saleable GFA of 2,000 sq.m.

The table below sets forth information on Seaside Dragon Bay, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction period | |
| —Commencement | N/A |
| —Expected completion | N/A |
| Development costs incurred (RMB'000) | 545 |
| Estimated further development costs to be incurred (RMB'000) | 1,480,874 |
| Total GFA (sq.m.)(1) | 426,142 |
| Total saleable/leasable GFA (sq.m.) | 386,097 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 384,097 | 2,000 |

*Note:*

(1) Includes approximately 1,000 car parks.

## 28. Dongguan Grand Joy Castle—東莞君御華府

### *Project Overview*

Dongguan Grand Joy Castle is a residential property project located in the Dalingshan town of Dongguan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

We entered into a land grant contract with respect to Dongguan Grand Joy Castle in February 2013. The total land premium of RMB162.0 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Dongguan Realty.

As of October 31, 2013, Dongguan Grand Joy Castle was expected to occupy a total site area of 29,643 sq.m. with a total GFA of 69,201 sq.m., and comprise residential units with a total saleable GFA of 55,672 sq.m. and retail units with a total saleable GFA of 2,964 sq.m. The table below sets forth information on Dongguan Grand Joy Castle, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction period | |
| —Commencement | N/A |
| —Expected completion | N/A |
| Development costs incurred (RMB'000) | 2,507 |
| Estimated further development costs to be incurred (RMB'000) | 163,642 |
| Total GFA (sq.m.)(1) | 69,201 |
| Total saleable/leasable GFA (sq.m.) | 58,636 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 55,672 | 2,964 |

*Note:*

(1) Includes approximately 297 car parks.

### 29. Shangjie Building—尚街大廈

***Project Overview***

Shangjie Building is a residential property project located in the Shunde District of Foshan, Guangdong Province, expected to comprise high-rise residential apartments and ancillary retail units.

We entered into a land grant and land use right transfer contract with respect to Shangjie Building in May 2013, as supplemented in July 2013. The total land premium of RMB170.0 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Foshan Runjing.

As of October 31, 2013, Shangjie Building was expected to occupy a total site area of 13,519 sq.m. with a total GFA of 69,627 sq.m. and comprise residential units of total saleable GFA of 44,253 sq.m. and retail units with a total saleable GFA of 9,451 sq.m. The table below sets forth information on Shangjie Building, based on our internal estimates, records and current project plans as of October 31, 2013:

| | |
|---|---|
| Status | Held for future development |
| Construction period | |
| —Commencement | N/A |
| —Expected completion | N/A |
| Development costs incurred (RMB'000) | 639 |
| Estimated further development costs to be incurred (RMB'000) | 176,564 |
| Total GFA (sq.m.)[1] | 69,627 |
| Total saleable/leasable GFA (sq.m.) | 53,704 |

| | Residential | Retail |
|---|---|---|
| Total saleable/leasable GFA (sq.m.) | 44,253 | 9,451 |

*Note:*

(1) Includes 390 car parks.

### 30. Foshan Parcel—佛山綠景路項目

***Project Overview***

The Foshan Parcel is a residential property project located in the Chancheng District of Zhongshan, Guangdong Province, expected to mainly comprise high-rise residential apartments and ancillary retail units. We entered into a land grant contract with respect to the Foshan Parcel in August 2013. The total land premium of RMB601.0 million has been paid in full. We have obtained the land use rights certificate for this project. We are developing this project through Foshan Logan.

As of October 31, 2013, the Foshan Parcel was expected to occupy a total site area of 19,618 sq.m. with a total GFA of 88,661 sq.m. and comprise residential units of total saleable GFA of 59,162 sq.m. and retail units with a total saleable GFA of 9,362 sq.m. The table below sets forth information on the Foshan Parcel, based on our internal estimates, records and current project plans as of October 31, 2013:

| | | |
|---|---|---|
| Status | | Held for future development |
| Construction period | | |
| —Commencement | | N/A |
| —Expected completion | | N/A |
| Development costs incurred (RMB'000) | | 120 |
| Estimated further development costs to be incurred (RMB'000) | | 286,010 |
| Total GFA (sq.m.)(1) | | 88,661 |
| Total saleable/leasable GFA (sq.m.) | | 68,524 |
| | **Residential** | **Retail** |
| Total saleable/leasable GFA (sq.m.) | 59,162 | 9,362 |

*Note:*
(1) Includes 617 car parks.

### 31. Zhongshan Parcel—中山88畝用地

#### *Project Overview*

The Zhongshan Parcel is a residential property project located in the West District of Zhongshan, Guangdong Province, expected to mainly comprise high-rise residential apartments and ancillary retail units. We entered into a land grant contract with respect to the Zhongshan Parcel in October 2013. Subsequent to October 31, 2013, the total land premium of RMB225.3 million has been fully paid, and we have obtained the land use rights certificate with respect to the Zhongshan Parcel. We are developing this project through Zhongshan Jinjun.

As of October 31, 2013, the Zhongshan Parcel was expected to occupy a total site area of 58,908 sq.m. with a total GFA of 174,212 sq.m., and comprises residential units with a total saleable GFA of 123,445 sq.m. and retail units with a total saleable GFA of 22,094 sq.m. The table below sets forth information on the Zhongshan Parcel, based on our internal estimates, records and current project plans as of October 31, 2013:

| | | |
|---|---|---|
| Status | | Contracted to be acquired |
| Construction period | | |
| —Commencement | | N/A |
| —Expected completion | | N/A |
| Development costs incurred (RMB'000) | | — |
| Estimated further development costs to be incurred (RMB'000) | | 398,400 |
| Total GFA (sq.m.)(1) | | 174,212 |
| Total saleable/leasable GFA (sq.m.) | | 145,539 |
| | **Residential** | **Retail** |
| Total saleable/leasable GFA (sq.m.) | 123,445 | 22,094 |

*Note:*
(1) Includes 686 car parks.

### *Recent Development*

In October 2013, we won the bid through participation in the government land grant process with respect to a land parcel with a total site area of 71,451 sq.m. located in the Gaoxin District of Nanning, Guangxi Province, which we expect to develop into a project mainly comprising high-rise residential apartments and ancillary retail units. As of the Latest Practicable Date, we had paid RMB343.0 million, and remained obligated to make future cash payments of RMB343.0 million for a total land premium of RMB685.9 million.

The table below, which does not take into account the Nanning Parcel, sets forth the status of our property development projects as of the Latest Practicable Date:

| Project status | Number of projects | Actual / expected completion and delivery date | Actual / expected pre-sale date |
|---|---|---|---|
| Completed | 32 | Oct - 2005 to Sep - 2013 | Dec - 2004 to Jul - 2012 |
| Under development | 28 | Dec - 2013 to Sep - 2016 | Dec - 2010 to Nov - 2013 |
| Held for future development | 10[1] | N/A | N/A |
| Contracted to be acquired | 0 | N/A | N/A |

*Note:*

(1) The Zhongshan Parcel was classified as a project contracted to be acquired as of October 31, 2013, and we have subsequently paid the land premium in full and obtained the land use rights certificate for the Zhongshan Parcel. As a result, Zhongshan Parcel was re-classified as a project held for future development as of the Latest Practicable Date.

## INVESTMENT PROPERTIES

We focus on the development and sales of residential properties. In addition, we hold retail and office units and clubhouses as investment properties for capital appreciation and rental use as an ancillary business. As of October 31, 2013, our total leasable GFA held for investment was 116,381 sq.m. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our rental income was RMB1.4 million, RMB25.7 million, RMB55.4 million and RMB28.6 million, respectively, accounting for 0.0%, 0.7%, 0.8% and 0.9%, respectively, of our turnover in each of these periods. As of October 31, 2013, of our completed investment properties, we had commenced leasing Landscape Residence, Logan Century Center, Provence (Phase 2), Provence (Phase 5) and Easy Life.

In leasing our retail units, we seek to maintain a balance in the composition of our tenants. Our retail leases are generally for terms of three to 15 years with annual rent reviews at fixed percentage increases or as otherwise agreed in the lease agreement. Typically, we require security deposits from our tenants of two months' rent. The rents for our retail units are generally determined according to prevailing market rates. We have appointed Guangdong Logan Group Property Management Co., Ltd. (廣東龍光集團物業管理有限公司) as the initial property manager for our property projects as of October 31, 2013. Our tenants are generally charged a monthly property management fee, which is payable to the property manager. For further details, please see the section entitled "Relationship with Our Controlling Shareholders" in this document.

The table below sets forth information on our rental properties as of October 31, 2013:

| Project | Status | Location | Total leasable GFA (sq.m.) | Occupancy rate |
|---|---|---|---|---|
| Landscape Residence | Completed | Guangzhou | 2,226 | 20.0%[1] |
| Seaward Sunshine—Commercial Building | Completed | Shantou | 3,340 | —[2] |
| Shenzhen Sky Palace (Phase 1) | Completed | Shenzhen | 7,021 | —[2] |
| Logan Century Center | Completed | Shenzhen | 42,090 | 92.9% |
| Logan City (Phase 1—Group 2) | Completed | Huizhou | 6,950 | —[2] |
| Provence (Phase 2) | Completed | Nanning | 7,941 | 100.0% |
| Provence (Phase 5) | Completed | Nanning | 2,714 | 100.0% |
| Easy Life | Completed | Zhuhai | 543 | 100.0% |
| Logan City (Phase 1—Group 1—Ancillary Entertainment Building) | Under Development | Huizhou | 19,950 | N/A |
| Nanning Grand Riverside Bay (Phase 1—Under Development Portion) | Under Development | Nanning | 6,106 | N/A |
| Nanning Grand Riverside Bay (Phase 2) | Under Development | Nanning | 17,501 | N/A |
| Total | | | 116,381 | |

*Notes:*

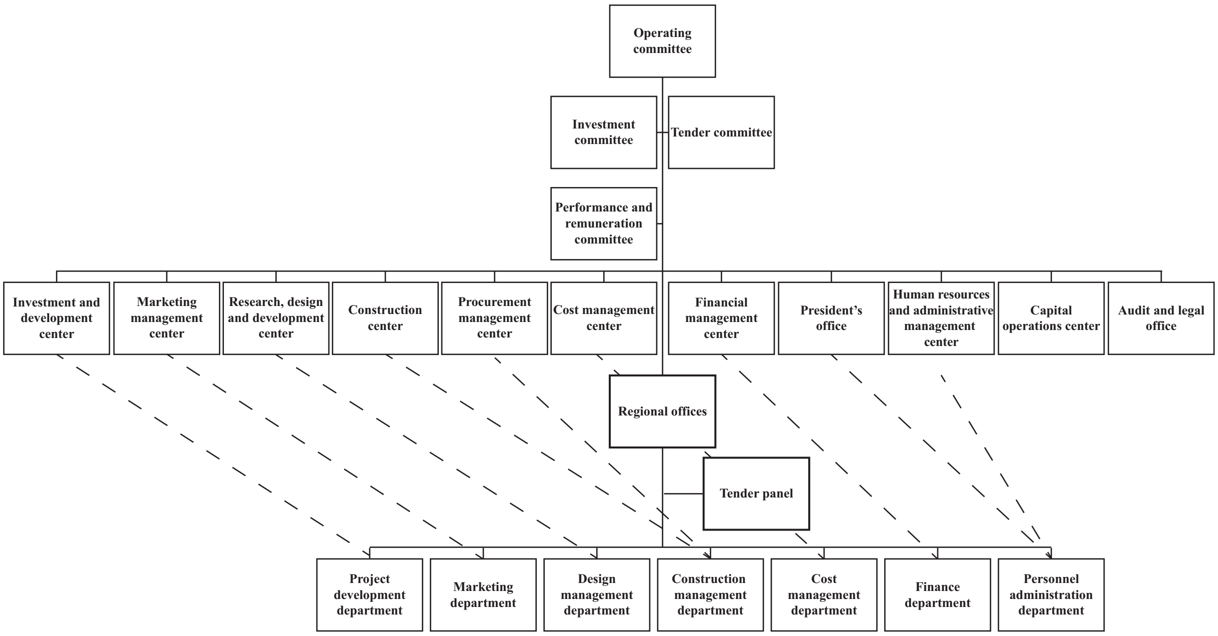
(1) Given the size of the remaining leasable GFA at Landscape Residence, we intend to lease out the remaining vacancy to a commercial operator with brand recognition and proven operational capabilities. Accordingly, we are actively screening potential tenants. As our rental income accounted for 0.8% of our total turnover in 2012, we believe that the occupancy rate at Landscape Residence does not have a material adverse effect on our business.

(2) As of October 31, 2013, the leasable GFA at Seaward Sunshine—Commercial Building was used by us as our sales centers, and the leasable GFA at Shenzhen Sky Palace (Phase 1) was under renovation to improve its commercial value. As of the same date, we were in the process of seeking and screening potential tenants with respect to the leasable GFA at Logan City (Phase 1—Group 2).

## OUR PROPERTY DEVELOPMENT PROCESS

### *Property Development Management and Structure*

We use a decentralized operations management structure between our headquarters and regional offices, wherein each regional office is responsible for the day-to-day operations of all projects within its respective region, while our corporate headquarters is responsible for overall planning, standardization and the approval of major decisions, as well as monitoring and supporting each regional office's operations. The chart below shows our general property development management structure:




This property development management structure helps us ensure the efficiency and unity of our strategic decisions, while allowing our regional offices the flexibility to respond to the local environment. In general, our headquarters is responsible for:

- formulating corporate strategy and operations and management goals;
- supervising our operations and information management platform;
- project investment decision making;
- setting human resources policies;
- standardization of design and management processes;
- centralized selection and evaluation of suppliers;
- cost management;
- developing and unifying financial systems;
- risk management and internal audit; and
- brand management and maintenance of customer, investor and government relations.

Our regional offices are responsible for:

- implementing corporate headquarters strategy in the relevant project city;

- conducting project exploration and market research;
- obtaining the relevant government permits;
- formulating and implementing operations and management goals;
- managing the project development process; and
- sales and marketing.

Our headquarters exercises particularly careful control over the key business segments that have a significant impact on our results of operations, including strategic and operational goals, land acquisition, project market positioning, planning and design, target cost management, marketing strategy, general contractor selection, planning and design of ancillary facilities and completion inspection. We coordinate and supervise the operations of each project as a whole through our operations planning department as well as specialized departments for the key project development functions, enhancing our operational management efficiency.

In addition, to ensure our financial independence and increase the efficiency of our use of capital, we have implemented a vertical management structure for the finance departments of our regional offices, and we station staff from our dedicated audit and legal department at each regional office to handle risk management and monitoring of the internal audit process. We believe these initiatives facilitate our project operations management and internal controls.

Our regional offices are responsible for the day-to-day aspects of our project development business. Our regional offices generally establish a project development department, a design management department, a construction management department, a sales department, a cost management department, a finance department and a personnel administration department. These departments report to the corresponding central departments of our Group, which support them in their operations.

***Project Development Process***

We have established a mature project development model and process. In general, our project development process follows the core elements set out below, which may be adjusted for each project in accordance with the local environment and laws and regulations:

| | **Project selection and land acquisition** | **Planning and design** | **Pre-construction** | **Construction** | **Marketing** | **Delivery and after-sales services** |
|---|---|---|---|---|---|---|
| Process explanation | 1. Analyze target market (economic and regulatory environment, demographics, market capacity and customer demand).<br>2. Perform feasibility study (including cost estimates, investment analysis and risk assessment), and complete in-depth schematic design and cost estimates.<br>3. Approval by investment committee.<br>4. Acquire land through the government land grant process or a third party and obtain land use rights certificate. | 1. Determine project market positioning (including product and customer positions, preliminary planning and valuation).<br>2. Conduct further in-depth conceptual design and design optimization.<br>3. Formulate planning and design proposal and allocate design tasks.<br>4. Use a custom design control platform to manage and monitor design progress and quality. | 1. Obtain relevant permits (including construction land planning permit, construction work planning permit, construction commencement permit).<br>2. Appoint Logan Construction or another general contractor through tendering. | 1. Conduct construction management in accordance with standardization and control processes and workmanship standards.<br>2. Monitor development process in real time through project management information platform.<br>3. Regularly inspect and evaluate construction progress. | 1. Independently develop and implement marketing strategies and conduct promotional activities.<br>2. Complete project pricing analysis and set prices.<br>3. Obtain pre-sale permit and begin the sales process.<br>4. Assist customers with registration and obtaining mortgage loans. | 1. Obtain property ownership certificate and deliver units.<br>2. Gather and process customer feedback, and collect post-delivery project evaluation for continuous improvement.<br>3. Manage Logan Club and organize customer events. |
| Responsible department | Headquarters: investment and development center, research, design and development center, marketing management center and cost management center<br>Regional office: project development department | Headquarters: marketing management center, research, design and development center<br>Regional office: project construction management department and design department | Headquarters: construction center and procurement management center<br>Regional office: Project development department and construction management department | Headquarters: construction center and procurement management center<br>Regional office: construction management department and construction department | Headquarters: marketing management center and brand management department<br>Regional office: marketing department | Headquarters: marketing management center<br>Regional office: marketing department |
| Whole-process cost control | Prepare target cost estimates (feasibility study version) | Prepare target cost estimates (planning version) | Prepare target cost estimates (construction version) | Implement contract planning and cost indicator controls | Conduct project profit estimation and cost control | |

### Project Selection

Project selection is the most important and basic step of our project development and operations management processes. We acquired certain land parcels at competitive prices, such as those for Logan City, when the infrastructure and common facilities such as roads, schools or commercial districts had not yet been fully developed in their vicinity.

Before developing a new project, we conduct in-depth research and analysis on the relevant market to identify regional development trends by analyzing market information obtained through a variety of channels, including land supply information obtained through the government land grant process. Our various specialized departments conduct in-depth feasibility analyses of potential projects, providing full support for our investment decision-making process. We also monitor and assess companies with land or projects under development for suitable acquisition or partnership opportunities. Prior to acquiring land, we generally follow these steps in selecting or developing a new project:

- the regional office determines regional investment planning and goals in accordance with our corporate strategy;
- the regional office's project development department gathers and analyzes information and completes a market analysis report in accordance with regional investment planning;
- the regional office's general manager conducts initial review, screening and selection of project proposals;
- submit initial proposal to our Group's investment and development center, which cooperates closely with our design and marketing teams in evaluation and assessment and performing a feasibility study (including detailed market analysis, development plans and investment budgeting) which, after completing in-depth conceptual product design, is submitted to our cost management center for target cost and profit estimation; and
- submit feasibility study and profit estimation to our Group's investment committee for approval.

During the Track Record Period and up to the Latest Practicable Date, we did not acquire any land requiring us to resettle the original occupants.

### Land Acquisition

We primarily acquire land for our projects through participation in the government public tender, auction and listing-for-sale land grant processes. In addition, we also acquire land from non-governmental land interest holders pursuant to land transfer agreements and through acquiring the company holding the land interest. All of our property development projects as of October 31, 2013 were acquired through the government public tender, auction or listing-for-sale land grant process except for Sunshine Castle, Flying Dragon Garden, Seaward Sunshine, certain parcels of Grasse Vieille Ville, Easy Life, Zhongshan Grand Garden and Foshan Grand Riverside Bay, which we acquired through transfers from non-governmental land interest holders, and Seaside Dragon Bay, which we acquired through the acquisition of the company holding the land interest. In accordance with the Regulation on Bidding, Auction and Listing-for-Sale for the Granting of State-owned Construction Land (《招標拍賣掛牌出讓國有建設地使用權規定》), effective from November 1, 2007, all land planned for development (such as residential property, tourism, entertainment, commercial and industrial property) must be granted through public tender, auctions or listing-for-sale. Grantees of land use rights may dispose of their land use rights through private sales, subject to the terms and conditions of the original land grant contracts and the relevant PRC laws and regulations. We carry out our projects in accordance with the provisions of the relevant PRC laws and regulations.

Our land grant contracts may contain certain conditions or undertakings, which are made known to participants in the land grant processes. For example, as a condition to develop Fragrant Valley, we agreed with the relevant local government to develop Landscape Residence on a one-off basis, which was completed in October 2010 and is a limited-price housing project. Similarly, in order to acquire land for Huizhou Sky Palace, we agreed with the relevant local government contract to develop Golden Bay Garden on a one-off basis, which was completed in December 2010 and is an affordable housing project. As of the Latest Practicable Date, Landscape Residence was our only limited-price housing project, and Golden Bay Garden was our only affordable housing project. Such limited-price and affordable housing projects are conditions to acquiring and development our property projects, and we do not plan to engage in the development of affordable or limited-price housing independent of such acquisitions.

The following table sets forth certain data about our major land parcels acquired during the Track Record Period:

| Major Land Parcel | Land acquisition date | Project construction commencement date | Average land cost (RMB/sq.m.) |
|---|---|---|---|
| A parcel of land used for part of Provence (Phase 6) | Nov - 2010 | May - 2011 | 2,158 |
| A parcel of land used for part of Flying Dragon Garden | Sep - 2010 | Nov - 2010 | 380 |
| A parcel of land used for part of Seaward Sunshine—High-rise Residential Apartments | Sep - 2010 | Jan - 2011 | 652 |
| A parcel of land used for Nanning Grand Riverside Bay | Jul - 2010 | Sep - 2010 | 1,264 |
| A parcel of land used for part of Seaside Dragon Bay | Jan - 2011 | N/A | 1,442 |
| A parcel of land used for Grasse Vieille Ville (Phase 3)—Ocean Grange | May - 2012 | Dec - 2012 | 1,214 |
| A parcel of land used for Provence (Phase 8) | May - 2012 | Jan - 2013 | 1,976 |
| A parcel of land to be used for Foshan Grand Joy Castle | Dec - 2012 | Apr - 2013 | 3,013 |
| A parcel of land to be used for Zhongshan Grand Garden | Dec - 2012 | Apr - 2013 | 1,306 |
| A parcel of land to be used for Provence (Phase 9) | Dec - 2012 | N/A | 1,892 |
| A parcel of land for Longteng Homestead (Phase 1) | Mar - 2013 | Sep - 2013 | 1,470 |
| A parcel of land for Foshan Joy Palace | Jan - 2013 | Jul - 2013 | 2,045 |
| A parcel of land for Grasse Vieille Ville (Phase 4)—Ocean Vista Residence | May - 2013 | Sep - 2013 | 2,194 |

For further information about these projects, please see the section entitled "—Our Property Projects—Description of Our Projects" in this document.

In 2010, 2011 and 2012 and the six months ended June 30, 2013, we acquired 1.5 million sq.m., 0.4 million sq.m., 1.2 million sq.m. and 1.3 million sq.m. of GFA, respectively, and our land premium amounted to RMB2,274.6 million, RMB614.6 million, RMB2,125.1 million and RMB2,311.2 million, respectively, leading to average land cost of RMB1,493 per sq.m., RMB1,442 per sq.m., RMB1,803 per sq.m. and RMB1,788 per sq.m., respectively. Our average land cost was lower than the national average of RMB2,439 per sq.m. in 2010, RMB1,965 per sq.m. in 2011, RMB2,077 per sq.m. in 2012 and RMB2,349.7 per sq.m. during the six months ended June 30, 2013. Our land premium may continue to rise in the future, and in such event our gross profit margin may be materially and adversely affected. For instance, Provence was one of our major projects during the Track Record Period in terms of turnover. The various land grant contracts in relation to Provence were executed between 2006 and 2012. In 2010, 2011 and 2012 and the six months ended June 30, 2013, the average land cost of Provence recognized in direct costs amounted to RMB460 per sq.m., RMB460 per sq.m., RMB374 per sq.m. and RMB469 per sq.m., respectively. Such costs were significantly lower than the average land cost of the most recent land parcel for Provence we acquired in December 2012, which was RMB1,892 per sq.m. If the average land cost of Provence recognized in direct costs during the Track Record Period had been adjusted to RMB1,892 per sq.m., our gross profit margin would have been 21.4%, 35.0%, 36.4% and 30.5% in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, as compared to the actual gross profit margin of 27.4%, 40.2%, 38.9% and 30.8%, respectively. See the section entitled "Risk Factors—Risks relating to Our Business—We may not be able to obtain land that is suitable for property development or maintain our land bank at a cost level comparable to its current one" in this document.

As of October 31, 2013, we had a land bank with an aggregate GFA of 11.2 million sq.m., which, based on current development and growth targets and our historical sales and land development records, we estimate will be sufficient for our development needs for the next five to six years.

**Planning and Design**

To ensure product quality and enhance project value, we have a dedicated product research, design and development center, responsible for organizing project market positioning, planning and design and controlling the implementation thereof, as well as developing and implementing our product standardization system and product innovation. In addition, we also have an in-house design institute responsible for the various design plans of our projects and controlling the implementation thereof, enabling us to achieve synergies with our other capabilities and ensure that each project design meets our standards for quality and efficiency.

Before conducting project planning and design, we collaboratively determine the project's market position generally through our product research, design and development center and marketing management center and the regional office's design department. During the project selection phase, our product research, design and development center participates in the feasibility analysis process and completes an in-depth design plan taking into account the project's individual characteristics, to ensure that construction can begin quickly after successfully obtaining the land for the project. After the land is obtained, our product research, design and development center works with our in-house design institute or an approved design consultant to further develop the design plan. Each regional office's design department determines the detailed design plan and cost estimation and oversees design implementation. We appoint a person responsible for coordinating the activities of our internal specialized design department and external design companies and closely monitoring every aspect of the design process, from planning to the completion of construction, to ensure the strict and highly efficient implementation of our design plans.

We work with recognized domestic and international design consultants, according to the planning, market positioning and scale of the project. These partnerships have produced many of our award-winning project designs, such as our Provence project, which was recognized as a "Gold Medal International Cultural Community—Innovative Model Habitat" in 2007.

**Pre-construction**

We begin the pre-construction process by obtaining the necessary permits and certificates from the relevant government departments prior to the commencement of construction and following the grant of the development rights to a parcel of land. Details of the certificates and permits required to commence construction are set out below:

- construction land planning permit—a permit authorizing a developer to begin the survey, planning and design of a property project;
- construction work planning permit—a permit evidencing government approval of the overall planning and design of a property project and allowing a developer to apply for a construction commencement permit; and
- construction commencement permit—a permit required for commencement of construction of a property project.

As of the Latest Practicable Date, we had obtained the land use rights certificates for all of our 70 projects. In addition, for all of our projects under development, we had obtained all relevant certificates and permits prior to the commencement of construction as required under PRC laws and regulations.

**Appointment of Logan Construction or Other General Contractor**

As part of our fully integrated property development process, we have acted as the general contractor for a majority of our property development projects. Logan Construction, our construction subsidiary, possesses a National Housing Construction General Contracting Class 1 Qualification Certificate (國家房屋建築工程施工總承包一級資質認證), enabling it to continue to act as general contractor for our projects as we expand into additional high-growth cities elsewhere in China.

*Key Terms of Our General Contractor Agreements*

The agreements under which we are appointed as general contractor delineate our work scope. The project owner supplies us with the design blueprints and geological data, and we are generally responsible for a variety of construction tasks such as earthworks and installation of utilities and equipment. Unless agreed in the agreement or separately, we may not sub-contract our work.

The agreement stipulates a construction commencement date, construction period and expected completion date. Any construction delay may result in financial penalties on us. Generally on a monthly basis, we present to the project owner a construction progress report and a forecast on construction progress and expenditures for the upcoming month. The agreement also contains specific quality requirements, and we may be penalized if we fail to adhere to them.

We are generally paid monthly for a percentage of our work performed during such month. When the construction is completed, the project owner will make additional payments to bring the settled amount to a specified percentage of the total contract value. The remainder of the contract value is retained for up to two years, and is remitted to us in installments, as security for the construction's quality. If any quality issue arises before final remittance, the project owner may deduct directly from the unpaid remainder as compensation. For more information, see the section entitled "—Construction Business" in this document.

*Key Terms of Agreements with Our Contractors*

In addition to using Logan Construction as general contractor for a majority of our projects, we also work with a variety of qualified independent contractors and subcontractors to provide services such as labor, general construction, equipment installation, engineering and decoration. We select our contractors based on their relevant experience and reputation, conduct regular evaluations of all our contractors and establish long-term strategic cooperative relationships with outstanding contractors.

In general, the contracts we sign with our contractors contain provisions for quality assurance and the timely completion of projects. We require our contractors comply with the laws and regulations of the PRC and our internal standards. Each level of our construction management closely monitors workmanship quality, construction progress and cost control. If construction quality does not meet our standards, we will refuse to accept such work as completed until we are satisfied that our standards have been met. We generally pay our contractors in accordance with the percentage of completion of the relevant project. Except for up to 5% of the contract price which we withhold for up to five years to better ensure construction quality, we pay our contractors the remaining balance when the construction quality certificate is issued by the relevant government department.

In 2010, 2011 and 2012 and the six months ended June 30, 2013, we paid approximately RMB1,070.8 million, RMB1,681.9 million, RMB3,248.7 million and RMB1,755.2 million to our contractors, respectively.

*Project Financing*

We generally finance the development of our projects primarily through bank loans and internally generated cash flows (including proceeds from the pre-sales and sales of our projects). According to the Guideline on the Risk Management of Property Loans of Commercial Banks (《商業銀行房地產風險管理指引》) issued by the CBRC on September 2, 2004, no loans may be granted to projects which have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and construction commencement permits. According to the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects of Certain Industries (《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 minimum capital requirement for affordable housing and ordinary commodity apartments is 20%, and the minimum capital requirement for other real estate development projects is 30%. For further details, please see the section entitled "Laws and Regulations relating to the Industry" in this document.

We primarily use internal funds to acquire land for our project, and a combination of internal funds and bank loans to fund the construction of our projects. In addition, we use proceeds from the pre-sales of our properties to fund part of the construction costs of the relevant projects and to settle the related bank loans. Proceeds from pre-sales of properties form the integral source of our operating cash inflows during project development. According to the laws of the PRC, we may pre-sell properties under construction after certain criteria are met, and proceeds from the pre-sales must be used for the construction of such properties. Our policy is to finance our property developments with internal resources to the extent practicable so as to reduce our level of external funding.

Bank loans are our primary source of external financing, and we have long-term relationships with many major banks in the PRC, including Bank of China, Agricultural Bank of China, China Construction Bank, Industrial and Commercial Bank of China and China Merchants Bank. As of June 30, 2013, we had outstanding bank borrowings of RMB7,353.5 million. Our ability to obtain financing for our projects also depends on various economic measures introduced by the central and local governments. In recent years, the PRC government has adopted macroeconomic and monetary policies aimed at stabilizing the growth of the national economy, particularly including the regulation and control of the property market, which may influence our ability to obtain financing from commercial banks. For details of these measures, please see the section entitled "Laws and Regulations relating to the Industry—Measures on Stabilizing Housing Prices" in this document.

**Construction**

*Construction Management and Quality Control*

Our construction management team consists of over 200 professionals. In addition, our headquarters has an operations planning department, which uses hierarchical program management and an information system to exercise real-time control over every aspect of the property development process, enhancing our control over product quality and construction progress.

We use a multi-level supervision model for our projects, the management of which is structured from bottom to top as follows: Logan Construction (or an outside general contractor, as applicable); an independent construction supervision consultant; the project company's construction management department; the regional office's construction management department; and our headquarters' construction management department. The general contractor carries out construction in accordance with the laws and regulations of the PRC and our strict workmanship standards. Each step of the construction process is subject to inspection, and a completion inspection is conducted by all the parties mentioned above. The project company's construction management department is responsible for supervision of and coordination with the general contractor and independent construction supervision consultant, as well as for the direct inspection of key work processes. The regional office's construction management department is responsible for providing supervision and technical support. Our headquarters' construction management department is responsible for improving management systems, conducting technical training, auditing and monitoring construction plans and conducting monthly project assessments during the development process. We have built in an incentive system for the general contractor as part of the monthly project assessments conducted by our headquarters' construction management department in order to align interests during the construction process.

We have a complete construction management system and strict workmanship standards that we implement throughout the construction process. We have developed a comprehensive construction management manual, covering construction quality, progress, costs, safety and materials and equipment supply, among other things, and we strictly require our construction contractors to comply with such standards and procedures, as well as the relevant laws and regulations, in carrying out construction.

The regional office's project management department conducts on-site monitoring and regularly produces an assessment report, and promptly follows up on and implements solutions for any problems discovered. We also appoint an independent third-party construction supervision consultant to assist in controlling construction progress, quality and safety, among other things.

In addition to our close monitoring of construction progress and workmanship quality, we also place strong emphasis on worksite safety and environmental awareness. In 2009, our Logan Century Center project was recognized as a "2008 Guangdong Model Construction Site for Construction and Engineering Safety" by the Construction Industry Safety Association of Guangdong Province, and in 2004, our Sunshine Coast project was recognized as a "Green Ecologically Friendly Residence" by the Planning Department of the Ministry of Housing and Urban-Rural Development and the China Real Estate and Housing Research Association.

*Supplier Tendering and Procurement*

We procure substantially all of the supplies needed for our projects through our own in-house procurement department. We generally conduct supplier tendering and procurement using our database of suppliers with whom we have established cooperative relationships. Our headquarters' procurement department generally places special emphasis on strategic purchasing for elevators, diesel generators and other large equipment for our projects, and also conducts large-scale, centralized procurement for supplies commonly used between multiple projects. The regional office's procurement department is responsible for determining with the supplier the contract price, payment terms and delivery arrangements, among other things. We believe that centralized procurement allows us to benefit from economies of scale and increased bargaining power with suppliers, thereby reducing costs and bringing greater value to our customers.

We have a comprehensive procurement system composed of our procurement department, cost management department, and related specialized technical departments such as design and engineering. These departments parties cooperate in assessing and selecting our suppliers. After the completion of assessment, we select the supplier that best meets our requirements, in accordance with the requirements set forth in the relevant tender documents. We strive to ensure all of the materials that we use comply with relevant standards of quality and contractual requirements before accepting them or making payments for delivery. Materials that do not meet our quality standards are not used in our projects and are returned to suppliers. We evaluate and grade the quality of our supplies on a monthly basis.

**Marketing**

We have a specialized marketing management team. Our headquarters' marketing management center is responsible for formulating our marketing and sales strategies, conducting market research, managing the overall sales process, managing customer relations and providing sales guidance to sales agents. Each of our regional offices also has a marketing department to formulate sales prices for the properties in their respective regions and marketing and sales promotion strategies and related cost estimates for implementation after approval by our headquarters. We believe that our dedicated marketing management team assists us in attaining our marketing goals and strategies, while maintaining flexibility in the sales strategy for each project.

Our marketing department is involved in project development from an early stage to ensure the successful execution of our marketing strategy. After we acquire the land for a new project, our marketing management center, together with the relevant regional office, conducts customer, marketing and positioning research with regard to the land, and prepares a detailed project market positioning report. During the planning and design process, the marketing department provides opinions for consideration. The marketing department is also generally responsible for driving customer demand and sales for the project by planning, designing and operating an on-site project exhibition center to demonstrate our products to our customers, as well as planning and implementing a comprehensive project marketing and promotional program through various media outlets. In addition, we have an incentive program to reward employees who successfully refer customers to purchase our products. Our marketing and promotional activities contributed to our selling and marketing expenses, which amounted to RMB63.1 million, RMB148.5 million, RMB205.7 million and RMB125.9 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

As part of our fully integrated property development process, we generally manage the sales of our property projects through our in-house sales team. In addition, we sell a portion of our property projects through real estate sales agents, selected after careful consideration of the agents' understanding of our projects and relevant regional markets, marketing strategies and their market share. We enter into sales agency agreements with sales agents that meet our criteria, pursuant to which the agents are paid commissions of a certain percentage of their total sales, in accordance with market practice.

**Pre-sales and Sales**

The sales process for our property projects generally begins with pre-sales. There are various PRC laws and regulations governing the pre-sales of properties that impose conditions to be fulfilled before the required pre-sale permit will be issued and the pre-sales of a property can commence. These include obtaining the relevant land use rights certificate, the construction work planning permit and the construction commencement permit. For further details of the laws and regulations governing pre-sales, please refer to the section entitled "Laws and Regulations relating to the Industry" in this document.

Our pre-sales and sales contracts are based on standard form contracts regulated by the relevant land and commercial bureau, and vary from city to city. During the Track Record Period and up to the Latest Practicable Date, we did not experience any cancellation of sales contracts.

**Customer Payment Arrangements and Financing**

Our customers can generally purchase our properties through lump sum payment or through mortgage loans. Where a customer chooses to pay by lump sum payment, the customer will be required to fully settle the purchase price shortly after the date of the execution of the contract. Where a customer elects to pay by mortgage payment, such customer is required to pay a portion of the purchase price in a cash payment, which is normally 30% to 60% of the total purchase price, and the remaining amount is settled through proceeds from the relevant mortgage. In line with market practice, we have arrangements with various banks for the provision of mortgage facilities to our customers and we provide guarantees for the mortgages until construction has been completed and the relevant property ownership certificates or mortgage registration documents are submitted to the relevant bank. In line with market practice, we rely on credit checks conducted by the relevant bank and do not conduct independent credit checks on our customers. As of June 30, 2013, our outstanding guarantees in respect of our customers' mortgage loans were RMB2,343.2 million. During the Track Record Period and up to the Latest Practicable Date, we encountered 40 incidents of default by purchasers for whom we had guaranteed mortgage loans, which involved an aggregated default payment of RMB1.4 million. Our general policy is to reserve our rights under the sales contract to minimize our losses, including by reselling the property. With only 40 incidents of purchaser default and an immaterial sum of defaulted payment involved, we believe the aforesaid policy has sufficiently deterred customer defaults. Please see the section entitled "Risk Factors—Risks relating to Our Business—We guarantee the mortgage loans provided to our customers and consequently are liable to the mortgagee banks if our customers default on their mortgage payments" in this document.

**Delivery of Properties**

We are committed to the timely delivery of units to our customers in accordance with our sales contracts and PRC laws and regulations. We are only permitted to deliver the completed property units after they pass on-site inspections by, and receive completion certificates from, the local urban construction bureaus or equivalent authorities. Before delivering units to our customers, our project companies coordinate the completion inspection of units to be delivered with the construction, marketing and customer relations departments and the relevant property management company, and make any necessary improvements to ensure that customers are satisfied with the units we deliver. Our customer relations department, which is a department under our marketing management center, works to obtain and follow up on customer feedback at the time of delivery to increase customer satisfaction and for the continual improvement of our products and services. We had appointed Guangdong Logan Group Property Management Co., Ltd. (廣東龍光集團物業管理有限公司) to initially manage our property projects as of the Latest Practicable Date. For further details, please see the section entitled "Relationship with Our Controlling Shareholders" in this document.

In general, we assist our customers in applying for property ownership certificates. We may be subject to risks involved in obtaining property ownership certificates. Please see the section entitled "Risk Factors—Risks relating to Our Business—We may be liable to our customers for damages if we do not delivery individual property ownership certificates in a timely manner" in this document. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any delay in the issuance and delivery of property ownership certificates, any delay in property delivery under the sales contracts, or any return of delivered properties.

**Customer Relations Management**

We have a dedicated customer relations management department, which is a department under our marketing management center and is primarily responsible for promoting our customer-oriented corporate culture and strategy. Our customer relations management department also brings a customer-oriented perspective to our various project development activities, by auditing and improving design drawings, evaluating the reasonableness of costs, and strictly inspecting product quality prior to delivery to our customers. Our customer relations management department is also responsible for the delivery of property, assisting customers in obtaining property ownership certificates, following up on any product warranty issues, handling customer complaints and sponsoring cultural events for customers. At the same time, our customer relations management department gathers views for product improvement from customer feedback and internal evaluations to improve our product design standards and adjust the requirements of our cost management and construction management departments, to optimize the customer experience and reduce customer risk.

From time to time, we receive customer complaints concerning minor defects on their purchased property units, which often occur in the initial months after delivery, and we believe such complaints are common in our industry. We strive to rectify the minor defects to our customers' satisfaction in accordance with the relevant residential property quality warranties. Moreover, to ensure efficient provision of maintenance services, we have established detailed internal guidelines on repair and maintenance specifications and processes in relation to property units and public facilities within the warranty period. We also have received complaints concerning our marketing, pre-sales and sales practice, which predominantly relate to perceived deficiencies in our staff's etiquette and manners. We strive to continuously improve our staff's professionalism, and have made detailed internal policies on the proper etiquette to interact with our customers. After receiving complaints, our customer relations management department follows our established complaint response policies to (i) record the complaints, (ii) investigate the factual background of the complaints, (iii) coordinate with the responsible departments, such as the marketing department, construction management department, design management department and the project development department, to devise appropriate solutions, and (iv) follow up on subsequent customer feedback after the solutions have been implemented. We strive to address our customers' complaints, and during the Track Record Period and up to the Latest Practicable Date, we had not received material complaints regarding our properties' quality or our marketing, pre-sales and sales practice.

We offer our customers a variety of channels for communication, including email and a telephone hotline, so that our customer relations department is able to follow up on customer comments and complaints related to our products and services. We also regularly conduct customer satisfaction surveys on the quality of our products and services to assist in improving the market positioning, design, marketing strategy and service quality of our projects. Purchasers of our properties can also join our customer membership program, Logan Club (龍光會). We place great emphasis on customer service as we believe it enhances property value for our customers and improves our brand and reputation.

## STANDARDIZATION

We use standardized product designs and management processes, wherein the work of our project design, construction, decoration, engineering and procurement departments and subsidiaries can be replicated efficiently across our projects. These standardized product designs and management processes form the key element of our quick development operation model, through which we seek to efficiently complete the development of our property projects. We believe our standardized product designs and management processes have been essential in allowing us to ensure product and service quality, control costs, shorten development cycles, improve cash flow and maintain profitability.

### *Design*

Central to our standardization process is a standardized product line, illustrated by our portfolio of residential property projects which includes high-rise residential apartments and low-rise garden apartments. Our distinctive product series are generally classified into two styles, neoclassical and art deco, each comprising standardized designs for facades, interior designs and landscaping, as well as standardized parts and materials.

For the clubhouses, marketing centers and retail units in many of our projects, we implement our neoclassical or art deco designs according to the grade and scale of each project. We regularly inspect and assess our projects and make continuous improvements to our project design and standardization based on real use case results to ensure our project designs can be replicated efficiently across projects while maintaining high quality and reliability.

### *Procurement*

Our product design departments generally cooperate with our procurement department on consolidated purchase orders of parts and materials to be used across our projects, enabling us to enter into larger and longer-term supply contracts to achieve economies of scale and consistent product quality. We selectively enter into strategic, long-term supplier relationships in accordance with the actual needs of our projects.

We generally select suppliers for our projects through a standardized bidding and competitive negotiation process, which is completed in close coordinate between our headquarters and the management of each regional office. Our headquarters is responsible for managing our supplier relationships, to ensure fairness, consistency and efficiency in entering into supplier relationships across our regional companies.

***Construction***

We use a standardized operations management structure and management system across our regional offices, and our regional offices follow standardized guidelines developed by our headquarters, to help ensure we are able to efficiently meet our product quality, pre-sales and sales goals.

***Cost Management***

We employ standardized cost management processes across our projects and throughout the property development process through our cost management center, which prepares and reviews budgets and tracks project progress through a comprehensive cost management system to provide timely estimates of costs and profits and to align actual and target development costs.

We conduct cost management from the preliminary design stages in order to achieve dynamic cost control over the entire property development process and prepare timely profit estimates. We develop target costs for each major stage of the property development process, comprising a feasibility study version, a planning version and a construction version, and track progress to align actual and target development costs. We begin cost management during project selection and land acquisition stage, and compare the planned cost estimates with our library of historical data and provide design feedback to achieve cost-efficient design. Throughout the property development process, our cost management center reviews expenditures and proposed agreements with suppliers and contractors and proposes changes to achieve dynamic cost control over our projects.

## CONSTRUCTION BUSINESS

Logan Construction, our subsidiary, possesses a National Housing Construction General Contracting Class 1 Qualification Certificate (國家房屋建築工程施工總承包一級資質認證), which enables it to provide general contracting services for housing projects in cities throughout the PRC. Logan Construction was established in 2005 primarily to service the projects of our predecessors prior to the Reorganization and our projects after the Reorganization. As of October 31, 2013, Logan Construction was appointed as general contractor for 23 of our 28 projects under development.

In its role as general contractor for such construction projects, Logan Construction is generally responsible for the day-to-day oversight of the projects, including appointing and managing subcontractors to provide services such as labor, general construction, equipment installation, engineering and decoration, as applicable, and coordinating with the project owner and other relevant parties. As a general contractor, Logan Construction outsources basic construction works, and relies on the construction workers of its subcontractors to carry out such works. For such projects, Logan Construction is also responsible for quality and safety control during the course of construction and Logan Construction maintains accident insurance for workers of Logan Construction as required by PRC laws and regulations. For further details, please see the section entitled "—Insurance" in this document. For information on our general contractor agreements and our agreements with our subcontractors, please see the section entitled "—Our Property Development Process—Project Development Process—Appointment of Logan Construction or Other General Contractor" in this document.

During the Track Record Period, Logan Construction primarily provided construction services to our own projects, and the turnover derived from providing such services amounted to 84.7%, 91.4%, 90.8% and 76.3% of Logan Construction's total turnover in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. During the Track Record Period, Logan Construction also provided construction services to external parties, including nine related companies, and the Daya Bay Relocation Office in relation to Golden Bay Garden as a condition to obtaining land for Huizhou Sky Palace. Turnover derived from such services amounted to 15.3%, 8.6%, 9.2% and 23.7% of Logan Construction's total turnover in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Logan Construction has adopted a uniform pricing policy for related companies and independent third-party customers and strives to keep its pricing competitive and in line with market price. In 2010, 2011 and 2012 and the six months ended June 30, 2013, Logan Construction recorded construction income of RMB334.8 million, RMB249.1 million, RMB235.5 million and RMB336.1 million, respectively, from construction services provided to external parties, of which 71.5%, 96.0%, 100.0% and 100.0% consisted of construction income from related companies, respectively. For information on the contribution of construction income to our turnover during the Track Record Period, please see the section entitled "Financial Information—Description of Selected Income Statement Line Items—Turnover" in this document. As a part of our predecessors' group prior to the Reorganization, Logan Construction acted as general contractor for various of our predecessors' businesses. As a result of which, the majority of our construction income during the Track Record Period was related to non-residential projects of our predecessors' businesses. For more information on construction services provided to the related parties, see Note 28(b)(ii) in the Accountants' Report included as Appendix I to this document.

During the Track Record Period, some of our largest customers were companies controlled by Mr. Ji or his associates. In 2010, 2011 and 2012 and the six months ended June 30, 2013, customers of our construction business accounted for four, four, two and four of our five largest customers, respectively. For further details, please see the section entitled "—Suppliers and Customers" in this document. During the Track Record Period, Logan Construction provided construction services to our related companies on normal commercial terms and on an arm's-length basis. Going forward, Logan Construction will prioritize our projects, and may accept new appointments from our related companies to act as general contractor for their property projects, in which cases we will ensure that the terms of such transactions comply with the requirements under the [●]. For more information on our future construction services to the related parties, see the section entitled "Connected Transactions—Continuing Connected Transactions which are subject to the Reporting, Annual Review Announcement and Independent Shareholders' Approval Requirements—Master Construction Services Agreement" in this document.

## PROPERTIES USED BY US

Our corporate headquarters is located in Logan Century Center at Room 2002, Tower B, Logan Century Center, south side Xinghua Lu, Bao'an District, Shenzhen, PRC. In addition, we occupy a number of premises through lease arrangements. For further information, please refer to the Property Valuation Report in Appendix III to this document.

## SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers, equipment suppliers and construction contractors. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our five largest suppliers accounted for 38.3%, 43.5%, 35.8% and 43.1% of our total purchases excluding land costs, respectively, and our largest supplier accounted for 14.2%, 24.6%, 9.9% and 16.8% of our total purchases excluding land costs, respectively.

Our major customers are purchasers of residential and commercial properties and customers of our construction business. In 2010, 2011 and 2012 and the six months ended June 30, 2013, our five largest customers accounted for 10.1%, 6.9%, 5.2% and 10.4% of our turnover, respectively, and our largest customer accounted for 3.3%, 2.5%, 1.6% and 3.9% of our turnover, respectively. In the same periods, companies controlled by Mr. Ji or his associates accounted for four, four, two and four, respectively, of our five largest customers. The companies controlled by Mr. Ji or his associates were all customers of our construction business for non-residential projects, such as the construction of public facilities, all of which are expected to be completed before the [●].

Except as stated above, as of the Latest Practicable Date, none of our Directors, their associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our share capital, had any interest in any of our five largest suppliers or customers.

## COMPETITION

The property market in China is highly fragmented. Our major competitors include large national and regional property developers and overseas developers, including a number of leading Hong Kong property developers, some of which may have better track records and greater financial, land and other resources, broader name recognition and greater economies of scale than us. We compete with them in relation to a number of factors, including the acquisition of land, brand recognition, financial resources, price, product quality, service quality and other factors. For more information, please see the section entitled "Risk Factors—Risks relating to Property Development in the PRC—We face intense competition" in this document.

## EMPLOYEES

We had 1,055, 1,223, 991 and 1,211 full-time employees as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The table below sets forth a breakdown of our employees by function, as of and June 30, 2013:

| Function | Number of employees |
|---|---|
| Marketing | 245 |
| Investment and operations | 54 |
| Research, development and design | 249 |
| Cost management | 78 |
| Engineering and procurement | 261 |
| Audit and supervision | 17 |
| Integrated management | 307 |
| Total | 1,211(1) |

*Note:*

(1) As Logan Construction only acts as general contractor, we outsource basic construction works, and rely on the construction workers of our subcontractors to carry out such works.

In 2010, 2011 and 2012 and the six months ended June 30, 2013, we recorded staff costs of RMB98.9 million, RMB145.5 million, RMB178.1 million and RMB106.5 million, respectively.

We enter into individual employment contracts with our employees covering matters such as wages, employee benefits, safety and sanitary conditions at the workplace, confidentiality obligations for commercial secrets, and grounds for termination. These employment contracts generally have a term of three years, after which we evaluate renewal based on a performance appraisal.

All of our full-time employees are paid a fixed salary and may be granted other allowances, based on their position. Our sales staff is also eligible for commissions. In addition, quarterly and year-end bonuses may also be awarded to our employees, at our discretion and based on employee performance. Quarterly and yearly performance appraisals are conducted to ensure that our employees receive feedback on their performance.

We continue to provide training for our staff to enhance technical and product knowledge as well as knowledge of industry quality standards and work place safety standards. We have maintained good working relationships with our employees. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. As of the Latest Practicable Date, no significant labor disputes occurred which adversely affected or were likely to have an adverse effect on our business.

## CHALLENGING MARKET CONDITIONS AND IMPACT ON OUR OPERATIONS

In 2011, residential property prices in many cities began to decline after years of sustained growth, primarily attributable to the PRC government's macroeconomic measures and the related slowdown in the PRC economy, among other things.

Transaction volumes generally remained subdued in early 2012. We have taken a number of measures to strategically respond to the challenging market conditions. We have adjusted our product mix to focus on the design and promotion of small to medium-sized housing units primarily targeted at first-time homebuyers and upgraders, and we have increased our sales activities in subway stations and near office buildings to attract such customers. Furthermore, we have strengthened our staff training to keep our sales personnel abreast of newest governmental policies and regulations to help address our customers' questions and concerns.

Beginning in the second quarter of 2012 and continuing through the first half of 2013, transaction volume recovered in the overall PRC property market, due in part to improving market sentiment in the PRC property market as well as the absence of further major restrictive government policies or measures. According to a report issued by the National Bureau of Statistics, the total residential GFA sold in the PRC in the first half of 2013 increased slightly by 30.4% as compared with the sales in the first half of 2012. For further information, please refer to the section entitled "Industry Overview—Overview of the PRC Property Market—Recent Developments in the PRC Property Market" in this document. We believe that due in part to the market rebound beginning in the second quarter of 2012 and our strategic responses to the challenging market conditions, our contracted sales in 2012 increased by 118.0% to RMB9,737.2 million from RMB4,466.6 million in 2011 and amounted to RMB5,787.6 million in the six months ended June 30, 2013. However, we cannot assure you that the PRC government will not implement any further tightening measures to restrain the PRC property market that may adversely affect our business, financial condition and results of operations in the future. It is impossible to ascertain the extent of the impact of these measures or to accurately estimate what our sales volume and turnover might have been had the measures not been introduced. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time, or if our marketing and pricing strategies are ineffective in promoting our contracted sales, such policy changes may dampen our contracted sales and cause us to lower our sales prices and incur additional costs, in which case our business, financial condition and results of operations may be materially and adversely affected.

**The prospect of the PRC property market is highly uncertain and volatile. You should read carefully the entire "Risk Factors" section, especially the section entitled "Risk Factors—Risks relating to Property Development in the PRC—The PRC property market is heavily regulated and subject to PRC government policies, regulations and measures intended to discourage speculation in the property market," in this document, before making your investment decision about our Company.**

## INSURANCE

We carry employer's liability insurance for medical and related expenses that our employees may incur as a result of personal injuries at their workplaces or on the construction sites of our property developments. However, property developers are not required under national or local laws or regulations to maintain insurance coverage in respect of their property development operations. We do not maintain insurance coverage on our properties developed for sales other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. We also do not require the construction companies we engage to maintain insurance coverage on properties under construction. As we construct most of our property projects through our subsidiary, Logan Construction, we are responsible for quality and safety control during the course of construction and we maintain accident insurance for workers of Logan Construction as required by PRC laws and regulations. Independent construction companies hired during our construction projects are required to maintain their own accident insurance pursuant to PRC laws and regulations, and we also carry construction group accidental injury insurance, which generally covers injuries occurring within the construction areas of our projects.

To help ensure construction quality and safety, we have a set of standards and specifications that we require both our own workers as well as workers employed by independent construction companies to follow during the construction process. In addition, we engage qualified supervision companies to oversee the construction process. We did not experience any material destruction of or damage to our property developments, and there were no material personal injury-related claims brought against us during the Track Record Period.

Based on customary industry practice of property developers in the PRC, our Directors are of the view that our insurance coverage is adequate. However, there are risks for which we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. Please see the section entitled "Risk Factors—Risks relating to Our Business—We may suffer losses and be subject to liabilities that are not sufficiently covered, or covered at all, by insurance" in this document.

## SOCIAL, HEALTH AND SAFETY MATTERS

Property developers in the PRC are subject to various PRC laws and regulations with respect to labor, health, safety, insurance and accidents, including the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the Interim

Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work-related Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Trial Procedures for Childbirth Insurance for Enterprise Employees (《企業職工生育保險試行辦法》), the Production Safety Law of the PRC (《中華人民共和國安全生產法》) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time.

During the Track Record Period, we did not violate any applicable PRC social, health and safety regulations in any material respect. We have complied with the new PRC labor laws in all material respects in the past and will continue to do so and do not expect any non-compliance to affect our business operations in any material respect. We believe that by protecting the interests of our employees, we are able to enhance employee morale and improve our long-term retention rate of quality personnel.

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organized by the PRC provincial and municipal governments for our employees. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing provident fund. Our human resources department personnel look after our social, health and safety issues. They generally have sound knowledge of administration on employment and related matters and are aware of the latest legal developments in this area and our compliance with the relevant requirements.

## INTELLECTUAL PROPERTY RIGHTS

Our intellectual property forms an integral basis for our strong brand recognition and is important to our business. As of the Latest Practicable Date, intellectual property material to our business consisted of 14 trademarks registered in the PRC, five trademarks registered in Hong Kong, eight trademarks under application in the PRC, one trademark under application in Hong Kong and one domain name of which we were the registered proprietor. Further details of our intellectual property rights are set out in the section entitled "Statutory and General Information—Further Information About Our Business—Intellectual Property Rights of Our Group" in Appendix V to this document.

As of the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

## LEGAL PROCEEDINGS AND COMPLIANCE

We have been in compliance in all material respects with the applicable laws and regulations in all jurisdictions where we operate businesses. We have obtained all material approvals, permits, licenses and certificates for our operations from the relevant government authorities, all of which are valid and current.

Our PRC legal advisor, Haiwen & Partners, has advised us that, to the best of their knowledge after due inquiries, we have complied with the applicable PRC laws and regulations as described in the relevant sections in this document in all material respects during the Track Record Period. We have not been subject to significant fines or legal action involving non-compliance with any laws or regulations relating to our business. So far as we are aware, there are no pending or threatened actions against us by any regulatory authority in the PRC. Our PRC legal advisor has further advised us that we do not own any land which may be or have been regarded as idle land or subject to penalty or confiscation under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date.

According to relevant PRC laws and regulations, new buildings in cities should contain certain basement areas which may be use for civil air defense purposes in time of war. As of October 31, 2013, our projects had total civil air defense areas of approximately 351,238 sq.m., or 3.1% of our land bank, calculated based on (i) the projects designs for our projects which were completed or under development as of October 31, 2013, and (ii) the project designs for our properties held for future development as of October 31, 2013 which have obtained governmental approval. Our civil air defense area is primarily leased out as car parks, and the relevant income amounted to RMB23.5 million, RMB38.4 million, RMB70.2 million, RMB15.5 million and RMB17.1 million in 2010, 2011, 2012, the six months ended June 30, 2013 and the nine months ended September 30, 2013, respectively. We lease them out for the majority of their useful lives, and the lessees are required to settle the total lease payments before the leases commence. In the relevant lease agreements, it is specified that in the time of war, civil air defense areas occupied by these car parks may be subject to government use, and the lessees should unconditionally agree to such use with no right to claim any damages against us. Under some agreements, we may further be required to refund part of the lease payments according to the duration of wartime governmental usage. Assuming that all civil defense areas on our projects as of September 30, 2013 were used for civil air defense purposes from October 1, 2013 until the expiration of the related car park lease agreements, we estimate that we would need to refund up to RMB144.0 million to the car park lessees, amounting to 0.8% of our total revenue in 2010, 2011, 2012 and the nine months ended September 30, 2013. Because we consider that (i) the significant risks and rewards relating to such car parks are transferred to the lessees upon signing the lease agreements and (ii) the lease terms constitute a majority of such car parks' useful lives, these car parks are deemed as saleable car parks and recognized as properties under development for sales and completed properties for sales on our financial statements. Our PRC legal advisor has advised us that, based on our descriptions, our business operations with regard to leasing car parks forming part of our civil air defense areas as described above comply with the applicable PRC laws and regulations in all material respects, and our legal department from time to time reviews our business practice to ensure our compliance.

From time to time we may be involved in legal proceedings or disputes in the ordinary course of business, including claims relating to our guarantees for the mortgage loans we provide to our customers and contract disputes with our customers and suppliers. We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. Our Directors confirm that we have not experienced any material disputes with any parties or disagreements with regulatory bodies during the Track Record Period.

## ENVIRONMENTAL MATTERS

We are subject to certain laws and regulations concerning the protection of the environment. The particular environmental laws and regulations that apply to any given property development project vary according to its location, the environmental factors associated with such development, construction and/or operations and the current and future usage of the land and the properties. In 2010, 2011 and 2012 and the six months ended June 30, 2013, we incurred environmental compliance costs of RMB0.5 million, RMB1.3 million, RMB0.7 million and RMB0.8 million, respectively. We expect to continue to incur environmental compliance costs at similar levels.

## HONORS, AWARDS AND CERTIFICATES

We, together with our predecessors, have received awards from various organizations in the PRC in recognition of, among other things, our brand, environmental and safety standards, financial results and overall reputation in the property development industry in southern China and the PRC. The table below sets forth some of the awards to our projects and Group:

| Year | Recipient/Project | Honor/Award | Awarding body |
|---|---|---|---|
| 2013 | Our Group | 2012 China Real Estate Industry Honorable Brand Enterprise (2012中國房地產行業誠信品牌企業) | China Real Estate Industry Association and China Real Estate Investment Research Association (中國房地產產業協會、中國房地產投資研究會) |
| 2013 | Logan City | 2012 China Urban Area Most Valuable Property (2012中國城市區域最具價值樓盤) | China Real Estate Industry Association and China Real Estate Investment Research Association (中國房地產產業協會、中國房地產投資研究會) |
| 2011-2012 | Logan Real Estate | Top 100 Chinese Real Estate Developers (中國房地產百強企業) | China Real Estate Top 10 Research Group, Enterprise Institute of the Development Research Center of the State Council of China; Institute of Real Estate Studies of Tsinghua University; and China Index Academy (中國房地產Top10研究組，國務院發展研究中心企業研究所、清華大學房地產研究所和中國指數研究院三 家機構) |
| 2012 | Logan Real Estate | Top 100 Chinese Real Estate Developers (中國房地產開發企業100強) | China Academy of Real Estate; China Real Estate Association; China Real Estate Appraisal Center (中國房地產研究會、中國房地產協會、中國房地產測評中心) |
| 2003-2012 | Guangdong Logan (Group) | Guangdong Top 20 Creditworthy Real Estate Developers (廣東地產資信20強) | Guangdong Branches of Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Agricultural Bank of China, and China Central Media (工、農、中、建四大國有銀行廣東省分行與中央媒體) |
| 2012 | Logan Real Estate | Top 100 Chinese Real Estate Developers – Top 10 in Profitability (中國房地產百強企業—盈利性TOP10) | Enterprise Institute of the Development Research Center of the State Council of China; Institute of Real Estate Studies of Tsinghua University; and China Index Academy (國務院發展研究中心企業所、清華大學房地產研究所和中國指數研究院) |
| 2012 | Our Group | Ranked as the 46th–largest property developer in the PRC by sales | China Index Academy (中國指數研究院) |
| 2012 | Logan Real Estate | Top 100 Chinese Real Estate Developers – Top 10 in Growth (中國房地產開發企業成長速度10強) | China Academy of Real Estate; China Real Estate Association; China Real Estate Appraisal Center (中國房地產研究會、中國房地產協會、中國房地業產測評中心) |
| 2011 | Logan Real Estate | Top 100 Chinese Real Estate Developers – Top 10 Financing Capabilities (中國房地產百強企 業-融資能力TOP10) | China Real Estate Top 10 Research Group (中國房地產Top10研究組) |

| Year | Recipient/Project | Honor/Award | Awarding body |
|---|---|---|---|
| 2011 | Logan Real Estate | Top 10 Real Estate Brands in Southern China (中國華南房地產公司品牌價值TOP10) | China Real Estate Top 10 Research Group (中國房地產Top10研究組) |
| 2009 | Logan Century Center (龍光世紀大廈) | 2008 Guangdong Model Construction Site for Construction and Engineering Safety (2008 廣東省建設工程安全生產文明施工優良樣板工地 ) | Construction Industry Safety Association of Guangdong Province (廣東省建築安全協會) |
| 2008 | Logan Century Center (龍光世紀大廈) | Model Project for Construction and Engineering Safety (安全生產與文明施工優良工地) | Construction Industry Safety Association of Shenzhen (深圳建築安全協會) |
| 2008 | Guangdong Logan (Group) | 2006-2007 Guangdong Top 100 Private Enterprises (2006-2007 廣東省百強民營企業稱號) | People's Government of Guangdong Province (廣東省人民政府) |
| 2007 | Guangdong Logan (Group) | Guangdong Famous Brand (廣東省著名商標) | Guangdong Well-known Brand Certification Committee (廣東省著名商標認定委員會) |
| 2007 | Provence (普羅旺斯) | Gold Medal International Cultural Community—Innovative Model Habitat (中國人居文化創新示範工程國際人文金牌社區) | Research Center for Urban Environment and Development of the Chinese Academy of Social Sciences; China Real Estate Association; China Real Estate Cultural Improvement Association (中國 社會科學院城市發展與環境研究中心、中國房地產業協會經濟合作委員會、中國房地產文化促進會) |
| 2006 | Guangdong Logan (Group) | Most Valuable Real Estate Brands (最具品牌價值地產企業) | China Real Estate Association (中國房地產協會) |
| 2006 | Guangdong Logan (Group) | Most Influential Real Estate Company of the Pan Pearl River Delta Region (中國泛珠區域最具影響力房地產企業) | The Construction Bureaus of the Pan Pearl River Delta Region (建設部指導、中國房地產協會支持、泛珠九省建設廳主辦) |
| 2006 | Guangdong Logan (Group) | 2004-2005 Guangdong Top 100 Private Enterprises (2004-2005廣東省百強民營企業稱號) | People's Government of Guangdong Province (廣東省人民政府) |
| 2005 | Lake City (天湖酈都) project | Green Ecologically Friendly Residence (綠色生態住宅) | Planning Department of the Ministry of Housing and Urban-Rural Development; China Real Estate and Housing Research Association (建設部城鄉規劃管理中心、中國房地產及住宅研究會) |
| 2005 | Lake City (天湖酈都) project | China International Garden Community Award (中國國際花園社區大獎) | United Nations Environment Programme and the International Federation of Park and Recreation Administration |
| 2004 | Logan Real Estate | China Real Estate Famous Brand (中國房地產名牌企業) | Planning Department of the Ministry of Housing and Urban-Rural Development; China Real Estate and Housing Research Association (建設部城鄉規劃管理中心、中國房地產及住宅研究會) |
| 2004 | Sunshine Coast (陽光海岸) project | Environmentally and Ecologically Friendly Residence (健康生態住宅) | Planning Department of the Ministry of Housing and Urban-Rural Development; China Real Estate and Housing Research Association (建設部城鄉規劃管理中心、中國房地產及住宅研究會) |

## OVERVIEW

### (I) CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

### 1. Master Fangchenggang Construction Services Agreement

(a) Description of the transaction

On November 22, 2013, Logan Construction, our wholly owned subsidiary, entered into a construction services framework agreement (the "Master Fangchenggang Construction Services Agreement") with Guangxi King Kerry Realty Co., Ltd. ("Guangxi King Kerry"), a company principally engaged in residential property development in the PRC, pursuant to which Logan Construction agreed to provide construction services (including but not limited to foundation engineering, fitting, electricity installation, construction of structural facilities, cleaning work upon completion of construction, coordination service during the delivery process, onsite management and construction raw material procurement) and other related services (the "Construction Services") to Guangxi King Kerry in respect of Guangxi King Kerry's property project in Fangchenggang, Guangxi, with a total construction area of approximately 270,000 sq.m. (the "First Fangchenggang Project") and other construction projects in Fangchenggang to be undertaken by Guangxi King Kerry in accordance with the current construction and development plan of Guangxi King Kerry (the "Other Fangchenggang Projects" together with the First Fangchenggang Project, the "Fangchenggang Projects"), for a term commencing from [●] and expiring on December 31, 2015.

The service fee payable by Guangxi King Kerry to Logan Construction for the Construction Services shall be determined based on the actual construction area under the Fangchenggang Projects of which the Construction Services is required and the estimated construction price for the Construction Services with reference to the relevant construction price published by the PRC government authority and the market price level of construction works of the locality where the project is located.

Guangxi King Kerry is a company controlled by the brother-in-law of Mr. Ji, one of our Executive Directors. The business operation of Guangxi King Kerry is independent to our Group. Save for the family relationship, our Controlling Shareholders have no equity interest or control, whether directly or indirectly, in Guangxi King Kerry. Further, none of our Controlling Shareholders have exerted any influence over any of the decision making processes of Guangxi King Kerry or provided any financial support to the operation of Guangxi King Kerry.

(b) Historical transaction amounts

For the years ended December 31, 2010, 2011 and 2012, the six months ended June 30, 2013 and for the period from January 1, 2013 up till the Latest Practicable Date, the total transaction amount paid by Guangxi King Kerry to Logan Construction for the Construction Services amounted to nil, nil, nil, approximately RMB111,070,000 and approximately RMB208,368,000 (representing 19.6% of the total transaction amount as stipulated under the existing construction contracts which Logan Construction has entered into with Guangxi King Kerry as of the Latest Practicable Date and 59.9% of the expected total annual cap for the year ending December 31, 2013), respectively.

(c) Annual caps on future transaction amounts

Our Directors estimate that the maximum annual amount of the Construction Services provided by Logan Construction to Guangxi King Kerry under the Master Fangchenggang Construction Services Agreement for each of the three years ending December 31, 2015 is expected not to exceed RMB348,000,000, RMB534,000,000 and RMB558,000,000, respectively. The above annual caps for each of the three years ending December 31, 2015 was determined by the total expected transaction amount of approximately RMB1,617,000,000 which comprises of transaction amount under existing construction contracts and other expected transaction amount as estimated by the management of the Company and the percentage of completion anticipated taking into account of the actual work required during the different phases of the Fangchenggang Projects. For the three years ending December 31, 2015, the Construction Services required for the Fangchenggang Projects can be principally divided into four phases, and for each of the four phases, the percentage of completion are as below:

| | Completion schedule for the year ending December 31, 2013 | Details of the Construction | Completion schedule for the year ending December 31, 2014 | Details of the Construction | Completion schedule for the year ending December 31, 2015 | Details of the Construction |
|---|---|---|---|---|---|---|
| Phase 2 of the Fangchenggang Projects | Nil | — | 39.9% | Completion of 50% of the main structure | 60.1% | Completion of the removal of scaffold |
| Phase 3 of the Fangchenggang Projects | 59% | Completion of the main structure and commencement of scaffold removal | 41% | Completed | Nil | — |
| Phase 4 of the Fangchenggang Projects (with 60% high-rise buildings and 40% low-rise buildings) | 8.9% | Completion of the basement of low-rise apartments | 44.1% | Completion of the low-rise apartments and 30% main structure of the high-rise buildings | 40.2% | Completion of the high-rise buildings |
| Other phases Fangchenggang Projects | Nil | — | Nil | — | 60% | Satisfaction of the pre-sale requirements |

Further, the aforesaid total expected transaction amount for the three years ending December 31, 2015 were determined by reference to (i) the total transaction amount as stipulated under the existing construction contracts which Logan Construction has entered into with Guangxi King Kerry as of Latest Practicable Date; and (ii) the expected transaction amount of the Construction Services to be provided by Logan Construction to Guangxi King Kerry for the Fangchenggang Projects according to the current construction and development plan taking into account of the amount of construction contracts that Logan Construction is expected to be entered into with Guangxi King Kerry based on an annual increment of approximately 20% of the transaction amount as contemplated above. Such 20% annual increment represents the increment as estimated by the management of our Company with reference to the potential cost overrun, which comprises of (a) an increment of approximately 15% of the construction price under the Fangchenggang Projects of which our Construction Services is required taking into account of, among other things, the possible fluctuation of the construction schedule of the Fangchenggang Projects, change in construction design plan and onsite construction plan and change in the type of raw materials involved in the Construction Services; and (b) an increment of approximately 5% of the construction price under the Fangchenggang Projects of which our Construction Services is required taking into account of the expected changes in the market price of construction material and labor costs of the locality at the relevant time of project settlement for the three years ending December 31, 2015. The annual caps for the three years ending December 31, 2015 is substantially higher than the historical transaction amount paid by Guangxi King Kerry to Logan Construction as the Construction Services provided or to be provided by Logan Construction mainly represents contracts relating to the Fangchenggang Projects entered into during the year 2013.

[●]

**2. Master Construction Services Agreement**

(a) Description of the transaction

On November 22, 2013, Shenzhen Youkaisi, our wholly owned subsidiary, entered into a construction services framework agreement (the "Master Construction Services Agreement") with Guangdong Logan (Group), a company principally engaged in investment in expressway build-operate-transfer and infrastructure build-transfer projects as well as commercial and hotel projects, pursuant to which Shenzhen Youkaisi agreed to provide, or procure its subsidiaries to provide construction service (including but not limited to foundation engineering, fitting, electricity installation, construction of structural facilities, cleaning work upon completion of construction, coordination service during the delivery process, onsite management and construction raw material procurement) and other related services (the "Master Construction Services") to Guangdong Logan (Group) or its subsidiaries in respect of the property projects of Guangdong Logan (Group) and its subsidiaries from time to time, for a term commencing from [●] and ending on December 31, 2015.

The service fee payable by Guangdong Logan (Group) or its subsidiaries to Shenzhen Youkaisi or its subsidiaries for the Master Construction Services shall be determined on the basis of the size of the construction works to be involved and the estimated construction price for the Master Construction Services with reference to the relevant construction price published by the PRC government authority and the market price level of construction works of the locality where the property project of Guangdong Logan (Group) is located.

(b) Historical transaction amounts

For the years ended December 31, 2010, 2011 and 2012, the six months ended June 30, 2013 and for the period from January 1, 2013 up till the Latest Practicable Date, the total transaction amount paid by Guangdong Logan (Group) or its subsidiaries to us in relation to construction services provided by us amounted to approximately RMB239,233,000, RMB239,261,000, RMB235,538,000, RMB225,036,000 and RMB302,263,000, respectively.

(c) Annual caps on future transaction amounts

Our Directors estimate that the maximum annual amount of the Master Construction Services provided by Shenzhen Youkaisi or its subsidiaries to Guangdong Logan (Group) or its subsidiaries under the Master Construction Services Agreement for each of the three years ending December 31, 2015 will not exceed RMB455,000,000, RMB250,000,000 and RMB250,000,000, respectively. The annual caps for each of the three years ending December 31, 2015 was determined by the total expected transaction amount and the percentage of completion anticipated. The aforesaid total expected transaction amount for the three years ending December 31, 2015 were determined by reference to (i) the total transaction amount as stipulated under the existing construction contracts which Logan Construction has entered into with Guangdong Logan (Group) as of the Latest Practicable Date; and (ii) the expected transaction amount of the Master Construction Services to be provided by Shenzhen Youkaisi and its subsidiaries (including Logan Construction) to Guangdong Logan (Group) and its subsidiaries for the three years ending December 31, 2015 according to the current construction and development plan taking into account of construction contract is expected to be entered into with Guangdong Logan (Group) based on an annual increment of approximately 20% of the transaction amount as contemplated above. Such 20% annual increment represents the increment as estimated by the management of our Company with reference to the potential cost overrun, which comprises of (a) an increment of approximately 15% of the construction price under the property projects of Guangdong Logan (Group) and its subsidiaries of which our Construction Services is required taking into account of, among other things, the possible fluctuation of the construction schedule, change in the construction design plan and onsite construction plan and change in the type of raw materials involved in the Master Construction Services; and (b) an increment of approximately 5% of the construction price under the property projects of Guangdong Logan (Group) and its subsidiaries of which our Construction Services is required taking into account of the expected changes in the market price of construction material and labor costs of the locality at the relevant time of project settlement for the three years ending December 31, 2015. The annual cap for the year ending December 31, 2013 is expected to be substantially higher than the historical transaction amount paid by Guangdong Logan (Group) or its subsidiaries to us, which principally represents an additional transaction relating to services provided or to be provided to a hotel development of Guangdong Logan (Group), which consists of decoration and construction services, and based on the expected construction schedule of such hotel development, service fees complementing such additional transaction is estimated to be approximately RMB195.6 million. The increase in the annual cap for the year ending December 31, 2013 as compared to the year ending December 31, 2014 and 2015 is primarily due to a construction contract which Logan Construction has entered into with a subsidiary of Guangdong Logan (Group) relating to a project which is expected to be completed in November 2013. The total transaction amount under such contract is approximately RMB271,000,000 which is expected to be recognized during the year ending December 31, 2013.

[●]

## (II) CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

### 3. Management Services Agreement

(a) Description of the transaction

On March 9, 2009, Nanning Property, our wholly owned subsidiary, entered into a management services agreement (the "Management Services Agreement") with Guangxi King Kerry, pursuant to which Nanning Property agreed to provide management services to Guangxi King Kerry effective from March 9, 2009, including:

(a) to manage the day-to-day operations of Guangxi King Kerry;

(b) to be responsible for, among others, the project development, sales and property management of the Fangchenggang Projects;

(c) to assign personnel for the operation of Guangxi King Kerry;

(d) to manage the financial-related matters and accounts of Guangxi King Kerry; and

(e) to undergo other matters relating to the operation of Guangxi King Kerry,

collectively, the "Management Services."

For the Management Services provided or to be provided by Nanning Property to Guangxi King Kerry, Guangxi King Kerry agreed to provide to Nanning Property a service fee, which was or will be based on the actual completed area under the Fangchenggang Projects from time to time. The Company expects that the entire Fangchenggang Projects will be completed by 2015. The Management Services Agreement commences from March 9, 2009 and will be terminated one year after the last payment has been made by Guangxi King Kerry to Nanning Property.

(b) Historical transaction amounts

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the total amount paid to our Group pursuant to the Management Services provided under the Management Services Agreement amounted to nil, nil, approximately RMB2,861,000 and RMB1,237,000, respectively.

(c) Annual caps on future transaction amounts

Our Directors estimate that the maximum annual value of the Management Services to be provided by Nanning Property to Guangxi King Kerry under the Management Services Agreement for each of the three years ending December 31, 2015 will not exceed RMB2,330,000, RMB2,080,000 and RMB2,500,000, respectively.

[●]

**4. Trademark Licensing Agreement**

(a) Description of the transaction

On January 8, 2013, Shenzhen Youkaisi, our wholly owned subsidiary, entered into a trademark licensing agreement (the "Trademark Licensing Agreement") with Logan Real Estate, pursuant to which Logan Real Estate has granted a non-exclusive license to Shenzhen Youkaisi the right of using the trademarks as stated under the section entitled "Statutory and General Information—Further Information about our Business—Intellectual Property Rights of our Group—Trademarks" in Appendix V to this document (collectively, the "Trademarks"), on a royalty-free basis within the valid registration period of such Trademark. These Trademarks have been registered as trademarks by Logan Real Estate of which Logan Real Estate has agreed to transfer to our Group and relevant registrations are in progress in the PRC. In the interim, Logan Real Estate agreed to license and grant Shenzhen Youkaisi the right to use such Trademarks until the transfer of such Trademarks to Shenzhen Youkaisi is approved. According to our PRC legal advisor, Haiwen & Partners, there is no legal impediment for our Group to complete the registration and to obtain the relevant approval for the transfer.

Pursuant to the Trademark Licensing Agreement, Logan Real Estate has agreed to maintain the registration of the Trademarks during the term of the Trademark Licensing Agreement.

(b) Historical transaction amounts

Shenzhen Youkaisi did not pay any trademark license fees to Logan Real Estate for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. Our Directors (including our Independent Non-executive Directors) are of the view that the Trademark Licensing Agreement was negotiated on an arm's length basis and its terms represent normal commercial terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

[●]

**5. Design Services Agreement**

(a) Description of the transaction

On November 4, 2011, Guangdong Modern Construction, our wholly owned subsidiary, entered into a construction design services agreement, which was later supplemented by a supplemental agreement dated April 4, 2012 (the "Design Service Agreement") with Guangxi King Kerry, pursuant to which Guangdong Modern Construction agreed to provide to Guangxi King Kerry construction design services (the "Construction Design Services") from November 2011 till the year 2014.

(b) Historical transaction amount

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the total amount paid by Guangxi King Kerry to Guangdong Modern Construction amounted to approximately RMB4,738,000, RMB486,000, RMB7,419,000 and RMB820,000, respectively. The fees charged by Guangdong Modern Construction for the Construction Design Services provided or to be provided to Guangxi King Kerry was determined on an arm's length basis with reference to the total construction area, design costs and timing of the project as well as the prevailing market price for similar services to be provided by Guangdong Modern Construction to other independent third parties. The Design Services Agreement was entered into on normal commercial terms.

(c) Annual caps on future transaction amounts

Our Directors estimate that the maximum annual value of the Construction Design Services to be provided by Guangdong Modern Construction to Guangxi King Kerry under the Design Service Agreement for each of the two years ending December 31, 2014 will not exceed RMB3,852,000 and RMB5,000,000, respectively. The Construction Design Services to be provided under the Design Service Agreement will end on December 2014.

[●]

## WAIVERS

The transactions described in paragraphs 1 and 2 above constitute non-exempt continuing connected transactions under [●]. The applicable percentage ratios as defined in [●] and calculated with reference to the proposed annual caps for each of the years shown above are more than 5% on an annual basis. As such, the non-exempt continuing connected transactions in paragraphs 1 and 2 above would need to comply with the reporting, annual review, announcement and the independent shareholders' approval requirements under the [●].

We have applied for, and the [●] has granted us, waivers from strict compliance with the announcement and independent shareholders' approval requirements of the [●] in respect of transactions described in paragraphs 1 and 2 above subject to the aggregate value of each of these non-exempted continuing connected transactions for each financial year not exceeding the relevant annual caps set forth above.

## CONFIRMATIONS

### *Directors' Confirmation*

The Directors (including the independent non-executive Directors) confirmed that all the non-exempt and exempt continuing connected transactions in paragraphs 1 to 5 have been entered into in the ordinary and usual course of business of our Company on normal commercial terms or on terms no less favorable to our Company than those available to or from (as appropriate) independent third parties, and are fair and reasonable to our Company and in the interests of the Company and the shareholders of the Company as a whole. The Directors (including the Independent Non-executive Directors) further confirmed that the proposed annual caps in respect of all the non-exempt and exempt continuing connected transactions are fair and reasonable and in the interest of the Shareholders as a whole.

### *[●] Confirmation*

The [●] has confirmed to our Company that the [●] is of the opinion that the non-exempt continuing connected transactions described in paragraphs 1 and 2 above have been entered into in the ordinary and usual course of business of our Company, on normal commercial terms or on terms no less favorable to our Company than those available to or from (as appropriate) independent third parties, and are fair and reasonable to our Company and in the interests of the Company and the shareholders of our Company as a whole. The [●] has further confirmed that the proposed annual caps in respect of all the non-exempt continuing connected transactions described in paragraphs 1 and 2 above are fair and reasonable and in the interest of the Shareholders as a whole.

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

Apart from the business currently carried out by our Group, our Controlling Shareholders and their respective associates have interests in other business including (i) property management business, carried out by Guangdong Logan Group Property Management Co., Ltd. (廣東龍光集團物業管理有限公司) (the "Property Management Business"); and (ii) hotel development business and commercial property development business, carried out by Logan Real Estate (the "Hotel and Commercial Property Business" and, together with the Property Management Business, the "Relevant Businesses"). The above companies controlled by our Controlling Shareholders (the "Relevant Group") will not form part of our Group after [●]. The Property Management Business represents the management services provided by the Relevant Group to the owners of the residential properties developed by us. As the relationship under such Property Management Business is between the property owners and the property management company itself, there is no customer relationship between our Group, as the developer, and the Relevant Group, as the service provider to the Group's customers, in this regard. The Hotel and Commercial Property Business, on the other hand, represents the hotel development business and commercial property development business of the Relevant Group in Shantou and Nanning regions focusing on the development of properties which are of a commercial nature, including high-end hotels, shopping malls, restaurants, offices and hotel-type serviced apartments ancillary to such hotels and offices. The Relevant Group will only focus on the development of properties which are situated on a land the land use right being solely commercial in nature.

A summary of the relevant financial information of the Property Management Business of the Relevant Group according to the accounts prepared by the domestic PRC auditors under PRC accounting principles of the Relevant Group are set forth below:

| | For the year ended December 31, 2010 | For the year ended December 31, 2011 | For the year ended December 31, 2012 | For the six months ended June 30, 2013 |
|---|---|---|---|---|
| | (*RMB*) | (*RMB*) | (*RMB*) | (*RMB*) |
| Total Revenues | 68,888,470 | 94,409,218 | 144,861,105 | 72,548,886 |
| Total Net Profits/(loss) | 608,450 | 874,046 | 1,018,417 | 410,529 |

As of October 31, 2013, being the latest practicable date for the purpose of this statement prior to the date of this document, the commercial properties under the Hotel and Commercial Property Business developed by the Relevant Group have been completed and according to their management accounts, revenue generated from such commercial properties amounted to approximately RMB300.6 million. On the other hand, the hotel properties under the Hotel and Commercial Property Business developed by the Relevant Group has commenced its operation in November 2013 and as of the Latest Practicable Date, according to their management accounts, the revenue generated from the operation of such hotel properties developed by the Relevant Group amounted to approximately RMB7.0 million. During the Track Record Period, our Group had been and will still be providing certain type of construction services to Guangdong Logan Group and its subsidiaries for the projects developed by Guangdong Logan Group and its subsidiaries, and it is expected that we will continue to provide such construction services to Guangdong Logan Group and its subsidiaries for the projects developed by them upon [●]. For further details, please refer to the section entitled "Master Construction Services Agreement" in the "Connected Transactions" section of this document. Despite that we will continue to provide construction services to our connected parties. We expect, however, that consistent with our performance during the Track Record Period, income generated from our construction contracts will not constitute major sources of our cash flow.

For further details as to the reason for non-inclusion of the Relevant Businesses, please refer to the section entitled "—Delineation of Business" in this document.

Our predecessor companies, Logan Real Estate and Guangdong Logan (Group), both of which are controlled by our Controlling Shareholders, had also previously engaged in the development of residential properties, which had been substantially completed and delivered during the Track Record Period. Among the projects completed by our predecessors during the Track Record Period, only two project companies (collectively, the "Foshan Project Companies"), being the wholly owned subsidiaries of Logan Real Estate, holding two residential property development projects, namely Lake City (天湖麗都) and Foshan Royal Castle (水悦城邦) in Foshan (collectively, the "Foshan Projects"), which formed part of the business of and contributed revenues to our predecessors' group were not acquired by our Group as part of the Reorganization. We did not make such acquisitions because, when we commenced our Reorganization in 2009, the Foshan Project Companies had already substantially completed and delivered the Foshan Projects. The Company considered that it was not necessary to inject the Foshan Project Companies to the Group as part of the Reorganization as the Foshan Project Companies were established solely for the purpose of developing the Foshan Projects and no further property development projects would be undertaken by them following completion of the Foshan Projects. Although the Foshan Project Companies had made revenues and profit contribution to our predecessors' group in 2010, their results have not been consolidated into the results of our Group as they do not form part of our Group. For the years ended December 31, 2010, 2011 and 2012, according to their audited accounts prepared by their domestic PRC auditors under PRC accounting principles, the total revenues generated by the Foshan Project Companies amounted to RMB814.5 million, RMB579.8 million and RMB51.6 million, respectively, and their total net profits amounted to RMB212.9 million, RMB215.2 million and RMB(2.2) million, respectively. For the six months ended June 30, 2013, according to their management accounts, the total revenue generated by the Foshan Project Companies amounted to RMB32.8 million and their total net profit amounted to RMB22.7 million. Further, as of the year ended December 31, 2012, the total GFA delivered under the Foshan Projects amounted to approximately 2,400 sq.m. For the 10 months ended October 31, 2013, being the latest practicable date for the purpose of this statement prior to the date of this document, according to their management accounts, the total revenue and the total net profits generated from the Foshan Project Companies and the total GFA delivered under the Foshan Projects amounted to RMB34.3 million, RMB16.7 million and 3,065 sq.m., respectively.

Apart from the Property Management Business and the Hotel and Commercial Property Business carried out by the Relevant Group, none of our Controlling Shareholders or Directors is interested in any business which competes or is likely to compete, whether directly or indirectly, with our business. To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure that each of their respective associates do not, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business.

## DELINEATION OF BUSINESS

Our Group is principally engaged in the development of residential properties or mixed-use properties, which mainly represent residential properties with ancillary developments ancillary to our Group's residential projects, such as retail units, supermarkets and car parks, etc. (the "Restricted Business"), in Guangdong Province. On the other hand, the Relevant Group is principally engaged in

Property Management Business and Hotel and Commercial Property Business which are not part of our core business and are not in line with our overall strategy to maintain and further strengthen our market position in the PRC. Apart from the Group's only commercial property, namely Logan Century Center, where our corporate headquarters is located, and other retail units ancillary to the residential properties developed by the Group, the Group has no intention to develop, sell and operate any other properties on a land with the land use right being solely commercial in nature. The Logan Century Center, comprising two buildings, was developed by the Group through Shenzhen Logan Property to establish as its headquarters and principal place of business in Shenzhen. As not the entire Logan Century Center is being utilized by our Group, we leased the remaining unused part to other tenants. For further information regarding the Logan Century Center, please refer to the section entitled "Business—Our Property Projects—Description of Our Projects—Logan Century Center" in this document. Further, ancillary to our development of residential properties, we have also developed a small portion of retail units as ancillary developments to the residential properties of the Group. Such retail units, which were mainly used as convenient stores and restaurants, were developed solely for the purpose to complement our residential properties and are different from the Hotel and Commercial Property Business developed by the Relevant Group.

As for the Foshan Projects, although the Foshan Project Companies, which are wholly owned by Logan Real Estate, being one of the companies within the Relevant Group had previously engaged in the development of residential properties, the Foshan Projects had been completed and a substantial portion of which had been delivered, and the Foshan Project Companies had no other business apart from holding certain remaining car park units of the Foshan Projects (the "Remaining Property"), as of the Latest Practicable Date. As of the Latest Practicable Date, the Remaining Property consisted of only 46 car park units representing the car park units which have been completed but not sold and it is the intention of the Relevant Group to sell the car park units as soon as practicable. As such, our Directors are of view that the contribution of such Remaining Property to the Group is insignificant, and the non-inclusion of which would have minimal impact on the Group given the Foshan Project Companies would not undertake any further property development projects.

The Property Management Business, although property-related, is labor-intensive and require long-term dedication to make the business a satisfactory accommodation to property owners together with different management expertise, skills and resources. Our Directors therefore, with a view that it is in the best interests of the Company to concentrate our resources on the development and growth of our core business, do not consider property management services as part of our core pursuit or our business development target. Further, it is common practice for property developers in China to engage external property management service providers to render professional property management services for their property developments.

The Hotel and Commercial Property Business, on the other hand, is primarily focused on the development of properties which are situated on a land with the land use right being solely of a commercial nature and for investment purposes which requires a different skills set and operation method and does not form part of our core business strategy. Although the Hotel and Commercial Property Business includes hotel-type serviced apartments, the hotel-type serviced apartments developed by the Relevant Group are different from the properties developed by our Group. Specifically, the hotel-type serviced apartments developed by the Relevant Group are:

- properties which are situated on a land with the land use right being solely commercial in nature whereas the properties developed by our Group are on land with the land use right being either solely residential or a mixture of residential and commercial in nature which mainly represent residential properties with ancillary developments ancillary to our Group's residential projects, such as retail units, supermarkets and car-parks, etc.;

- properties ancillary to the hotels and offices developed by the Relevant Group and only serve to supplement the commercial properties under the Hotel and Commercial Property Business. For example, end-users of the commercial properties under the Hotel and Commercial Property Business may have specific accommodation needs around the same area and the hotel-type serviced apartments where housekeeping services will be provided mainly serve to cater such needs; and

- not a separate business segment developed by the Relevant Group.

Save for such hotel-type serviced apartments, the Relevant Group has not developed any other type of serviced apartments as of the Latest Practicable Date. On the other hand, our Group does not develop any type of serviced apartments, including the hotel-type serviced apartments. Further, the development of hotel-type serviced apartments and the development of residential property differ in many aspects including, among others, nature of land, customer base, business nature and interior design requirements and/or specifications.

| | Development of | |
|---|---|---|
| | Hotel-type serviced apartment by the Relevant Group | Residential property by our Group |
| **Land Use Right** | The properties developed by the Relevant Group, e.g. the hotel-type serviced apartment, are located on land which is commercial in nature. The duration of the land use right of such land is up to a maximum of 40 years. Upon expiry of the 40 years, land use right will only be renewed upon compliance of the relevant rules and regulations in the PRC. The land can be used for operation or companies registration purposes. The Relevant Group will only focus on the development of properties which are situated on a land with the land use right being solely commercial in nature and will not engage in any the development of any residential properties. | Our residential properties are located on land which is primarily residential in nature together with a small portion of land with the land use right being a mixture of residential and commercial in nature which represents residential properties with ancillary developments ancillary to our residential projects. The duration of the land use right of such land is up to a maximum of 70 years which is automatically renewable upon expiry. The land cannot be used for operation or companies registration purposes. Nevertheless, when our Group participates in an acquisition of land, the primary factor, among others, that we will take into account is the product type, the nature and the purpose of the land, instead of the duration of the land use right. |
| **Customer Base/Use** | Customers bought or rented the relevant properties mainly for commercial and investment purposes. End-users of the properties mainly represent business people for self-use or corporate purposes. | Customers who are first-time buyers and upgraders bought the relevant properties mainly for self-use purpose. End-users of the properties mainly represent the customers themselves. |

| | Development of | |
|---|---|---|
| | **Hotel-type serviced apartment by the Relevant Group** | **Residential property by our Group** |
| **Business Nature** | Usually serves to supplement the operation of, and being part of, its commercial property project, for example, the office and/or hotel development (i.e. not a standalone property project itself). | Ordinary residential property projects in economically prosperous and emerging regions of the PRC, such as Guangdong and Guangxi Provinces, the Chengdu-Chongqing economic region and Hainan Province. |
| **Interior Design Requirements and Specifications** | Need to comply with specific interior design requirements applicable to hotels/serviced apartments including but not limited to prohibition on the installation of gas and separate kitchen facilities. | Tailor the needs for families, specific interior design requirements applicable to hotels/serviced apartments are not applicable to residential properties. |

Further, both the Property Management Business and the Hotel and Commercial Property Business require different operation model and professional skills set which are not comparable to the operation model and professional skills set required for developing residential properties. Each of our Group and the Relevant Group has an independent work force to carry out the respective development of its projects and does not share any staff. In addition, the portion of hotel-type serviced apartments developed by the Relevant Group only represented approximately 0.7% of our Group's total land reserve as of the period ended October 31, 2013 and the estimated revenue apportioned to such hotel-type serviced apartments is expected to be minimal when comparing to our Group's revenue as a whole. Accordingly, our Directors are of the view that the expected revenue to be generated by the hotel-type serviced apartments developed by the Relevant Group will be small when comparing to our Group's revenue as a whole. As such, in the event that even if any future competition exists, the level of competition would be minimal.

As of the Latest Practicable Date, the hotel and commercial property with the hotel-type serviced apartments developed by the Relevant Group was still under development and is expected to commence sales by the first half of 2014 at the earliest. Therefore, no revenue or income has been recorded for the hotel-type serviced apartments as of the Latest Practicable Date. In addition, to ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure that each of their respective associates (other than members of our Group), controlled persons and controlled companies not to directly or indirectly participate, acquire or hold any right or interest, provide any support to, financial or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business. For further details regarding the Deed of Non-Competition, please refer to the paragraph headed "—Non-Competition Undertakings" in this document. As such, our Directors are of view that the Relevant Businesses are separate and distinct from our core business and that there is a clear delineation between the Relevant Businesses and our business, as a result of which, none of the Relevant Businesses would compete, or is expected to compete, directly or indirectly, with our core business of residential property development.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we will be able to operate independently from our Controlling Shareholders and their respective associates (other than our Group) upon [●] for the following reasons:

### *Management Independence*

As of the Latest Practicable Date, save for Mr. Ji who is also a director of Logan Real Estate and Guangdong (Logan) Group, the holding company of Logan Real Estate, and that Mr. Ji Jiande who is also a director of Logan Real Estate, no other Director has overlapping roles or responsibilities in any business operation other than our business.

### *Operational Independence*

We are independent of our Controlling Shareholders as we do not share operational capabilities with our Controlling Shareholders and we have independent access to suppliers and customers, as well as an independent management team to handle our day-to-day operations. We have sufficient operational capabilities to operate independently from the Relevant Group.

### *Financial Independence*

Pursuant to the Hang Seng Bank Facility Agreements as described in the section entitled "Financial Information—Indebtedness and Contingent Liabilities—Hang Seng Bank Facility Agreements" in this document, our Company obtained loan facility of an aggregate amount of US$23.1 million and HK$360.0 million from Hang Seng Bank Limited. Each of the Hang Seng Bank Facility Agreements was guaranteed by Mr. Ji and Ms. Kei, being our Controlling Shareholders, which was later released by Hang Seng Bank Limited pursuant to a letter from Hang Seng Bank Limited dated April 30, 2013. Further, pursuant to the Hang Seng Bank Facility Agreements, Ms. Kei agreed to remain the majority shareholder of Kam Wang and Shenzhen Youkaisi upon [●] as long as such loan facilities remain outstanding. Such requirements as to level of ownership in our Company result in the disclosure obligation of the Company pursuant to [●] upon [●]. We intend to repay all outstanding amounts under the Hang Seng Bank Facility Agreement using a portion of the proceeds from the [●]. Please refer to the section entitled "Future Plans and Use of Proceeds" in this document. Save as disclosed above, all loans, advances and balances due from our Controlling Shareholders and their respective associates have been fully settled and all loans, advances and balances due to our Controlling Shareholders will be fully repaid before [●], and there are no loans, advances and balances due from/to our Controlling Shareholders and there are no share pledges and guarantees provided by our Controlling Shareholders or their respective associates in support of our Group's borrowing. Accordingly, we believe we are financially independent from our Controlling Shareholders and their respective associates. In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing.

## NON-COMPETITION UNDERTAKINGS

In order to eliminate any potential competition with us, each of our Controlling Shareholders has undertaken to us (for ourselves and on behalf of our subsidiaries) in the Deed of Non-Competition that he/she/it will not, and will procure his/her/its associates (other than members of our Group), controlled persons and controlled companies not to directly or indirectly, either on their own account, in conjunction with, on behalf of or through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest, provide any support to, financial or otherwise, or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business, or acquire or hold shares or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any companies or business that compete directly or indirectly with the Restricted Business except where our controlling shareholders hold less than 5% of the total issued share capital of any company which is engaged in any business that is or may be in competition with any business engaged by any member of our Group.

Further, each of our Controlling Shareholders has undertaken to us in the Deed of Non-Competition that, in the event he/she/it, or any of his/her/its associates (other than members of our Group), controlled persons and controlled companies, is offered or becomes aware of any business opportunity directly or indirectly to engage or become interested in any business opportunity that directly or indirectly competes with the Restricted Business, he/she/it, or any of his/her/its associates shall promptly notify the Company in writing and refer such business opportunity to us for consideration and provide such information as may be required by us in order to make an informed assessment of such business opportunity, and each of our Controlling Shareholders shall not and shall procure that any of his/her/its associates (other than members of our Group), its controlled persons and controlled companies, shall not, invest or participate in any such project or business opportunity unless such project or business opportunity shall have been rejected by us and the principal terms of which such Controlling Shareholder or any of his/her/its associates and/or its controlled persons and controlled companies invests or participate in are no more favorable than those made available to our Company.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their associates cease to become our Controlling Shareholders or their respective associates.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholder and any decision in relation to new business opportunities referred to our Company and state their basis and reasons for rejecting such business opportunities in our annual report;
- each of our Controlling Shareholders has undertaken to us that he/she/it will, and will procure their respective associates to use their best endeavors to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or, if necessary, by way of announcement to the public; and
- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

## CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective associates shall not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligation to act in our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain himself/herself/itself from voting at the board meetings on matters involving the Relevant Group and our Group and/or matters in which such Director or his/her/its associates have a material interest and he/she shall not attend the relevant part of the board meeting or participate in the discussions on the relevant resolution, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive and non-executive Director (including Independent Non-executive Directors). We have appointed three Independent Non-executive Directors, one of whom has experience as a director of a listed company and have substantive expertise in the property development industry (namely, Mr. Zhang Huaqiao). We believe our Independent Non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public shareholders. Details of our independent non-executive Directors are set out in the section entitled "Directors, Senior Management and Employees—Board of Directors—Independent Non-executive Directors" in this document;

(d) any new activities and opportunities under the Deed of Non-Competition and all matters determined by our Board as inherent with potential conflict of interests will be deferred to our Independent Non-executive Directors for discussions and decision and when necessary, they will employ an independent financial advisor to advise them on these matters; and

(e) [●].

## BOARD OF DIRECTORS

Our Board currently consists of eight Directors, comprising four Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into service contracts with each of our Executive Directors and Non-executive Director. We have also entered into letters of appointment with each of our Independent Non-executive Directors.

The table below shows certain information in respect of members of the Board:

| Name | Age | Date of joining the Group | Appointment Date | Position & Responsibilities |
|---|---|---|---|---|
| Ji Haipeng (紀海鵬), elder brother of Ji Jiande | 47 | June 1996 | November 18, 2013 | Chairman, Chief Executive Officer and Executive Director, primarily responsible for the overall strategic planning of our Group's business |
| Ji Jiande (紀建德), younger brother of Ji Haipeng | 39 | January 2006 | November 18, 2013 | Executive Director and vice president of the Group, primarily responsible for managing the business of Shantou region as well as the construction and material procurement of the Group |
| Xiao Xu (肖旭) | 42 | August 2007 | November 18, 2013 | Executive Director and assistant to president, primarily responsible for implementing strategic development, investment analysis and external affairs of the Group |
| Lai Zhuobin (賴卓斌) | 42 | November 2007 | November 18, 2013 | Executive Director and the chief financial officer of the Group, primarily responsible for the financial management and capital markets functions of the Group |
| Kei Perenna Hoi Ting (紀凱婷), daughter of Ji Haipeng | 24 | May 2010 | May 14, 2010 | Non-executive Director |
| Zhang Huaqiao (張化橋) | 50 | November 2013 | November 18, 2013 | Independent Non-executive Director |
| Liu Ka Ying, Rebecca (廖家瑩) | 43 | November 2013 | November 18, 2013 | Independent Non-executive Director |
| Cai Suisheng (蔡穗聲) | 62 | November 2013 | November 18, 2013 | Independent Non-executive Director |

### *Executive Directors*

**Mr. Ji Haipeng (紀海鵬)**, aged 47, was appointed as our Executive Director on November 18, 2013. Mr. Ji is our founder, chairman and Chief Executive Officer. Mr. Ji was appointed as our Chief Executive Officer in April 2011. He is primarily responsible for the overall strategic planning of our

Group's business. He is the elder brother of Mr. Ji Jiande, an Executive Director. In March 1996, Mr. Ji was appointed as an executive director and chief executive officer of Guangdong Logan (Group), one of our predecessors. Since May 2003 and October 2009, Mr. Ji has also served as a director and chief executive officer of Logan Real Estate and Shenzhen Youkaisi, respectively. Mr. Ji has 17 years of experience in the property development industry and possessed experience in corporate strategic planning and management as well as project management.

Apart from the above, Mr. Ji had also held positions in various organizations and associations, including as the vice president of the second council of Shantou Real Estate Association (汕頭市房地產業協會第二屆理事會) and Guangdong Provincial Real Estate Association (廣東省房地產業協會). In 2005, Mr. Ji was recognized as the "Excellent Business Contributor of Socialism with Chinese Characteristics of Guangdong Province (廣東省優秀中國特色社會主義事業建設者)" which was presented by the Guangdong Provincial United Front Work Department of the Communist Party of China (中共廣東省委統戰部), the Provincial Development and Reform Commission (省發展和改革委員會), the Provincial Office of Personnel (省人事廳), the Provincial Administration for Industry and Commerce (省工商局) and the Provincial Federation of Industry and Commerce (省工商聯).

**Mr. Ji Jiande (紀建德)**, aged 39, was appointed as our Executive Director on November 18, 2013. Mr. Ji Jiande is also our Group's vice president, primarily responsible for managing the business of Shantou region. He is also in charge of the construction and material procurement of our Group. He is the younger brother of Mr. Ji Haipeng, our chairman and an Executive Director. Mr. Ji joined Logan Real Estate in 2006 and served as the general manager of various companies of our Group. Since October 2008 and December 2008, Mr. Ji also served as a director of Logan Construction and Logan Real Estate, respectively. In December 2009, Mr. Ji Jiande was appointed as a director of Shenzhen Youkaisi, primarily responsible for the operational management, construction and material management of our Group.

**Mr. Xiao Xu (肖旭)**, aged 42, was appointed as our Executive Director on November 18, 2013. He is also the assistant to the president of our Group. Mr. Xiao is mainly responsible for implementing strategic development, investment analysis and external affairs of our Group. Mr. Xiao was employed by Logan Real Estate in 2007 and held various senior management positions in Logan Real Estate during the period from August 2007 to April 2011, prior to his appointment as the assistant to the president of Shenzhen Youkaisi in April 2011. He has substantial experience in investment analysis, corporate management secretarial work and external liaison. Mr. Xiao obtained a bachelor's degree in business management from Jinan University (暨南大學) in June 1993 and obtained a postgraduate diploma in economics from the Party School of Chinese Communist Party of Guangdong Province (中共廣東省委黨校) in July 1998.

**Mr. Lai Zhuobin (賴卓斌)**, aged 42, was appointed as our Executive Director on November 18, 2013. He is also the chief financial officer of our Group. Mr. Lai is mainly responsible for the financial management and capital markets functions of our Group. Mr. Lai was employed by Logan Real Estate in 2007 and held various positions within the financial management division during the period from November 2007 to May 2011. In May 2011, Mr. Lai was appointed and has since served as the financial controller of Shenzhen Youkaisi. He is a member of the Chinese Institute of Certificate Public Accountants. Mr. Lai obtained a bachelor's degree in science from Sun Yat-sen University (中山大學) in July 1993 and obtained a master's degree in engineering from Beijing Institute of Technology in July 2003.

***Non-executive Director***

**Ms. Kei Perenna Hoi Ting (紀凱婷) (formerly known as Ms. Ji Peili (紀佩麗))**, aged 24, was appointed as our Director on May 14, 2010 and was re-designated as a Non-executive Director on November 18, 2013. She is the daughter of Mr. Ji Haipeng, our chairman and an Executive Director. In August 2011, Ms. Kei obtained a bachelor's degree in economics and finance from the University of London.

***Independent Non-executive Directors***

**Mr. Zhang Huaqiao (張化橋)**, aged 50, was appointed as our Independent Non-executive Director on November 18, 2013. Mr. Zhang is a director of various companies the shares of which are listed on the Stock Exchange, including as an independent non-executive director of Fosun International Limited (Stock Code: 656), an independent non-executive director of Zhong An Real Estate Limited (Stock Code: 672), a non-executive director of Bower Power Holdings Limited (Stock Code: 1685), Oriental City Group Holdings Limited (Stock Code: 8325) and an independent non-executive director of China Huirong Financial Holdings Limited (Stock Code: 1290). Since February 2013, Mr. Zhang has also been a director of Nanjing Central Emporium Group Stocks Co., Ltd. (600280.SS), a company the shares of which are listed on the Shanghai Stock Exchange. From June 1999 to April 2006, Mr. Zhang had worked with UBS AG, Hong Kong Branch and held positions as a director, executive director, managing director and the co-head of its China research team. From September 2011 to April 2012, Mr. Zhang also served as an executive director and chief executive officer of Man Sang International Limited (Stock Code: 938), a company whose shares are listed on the Stock Exchange. Mr. Zhang obtained a master's degree in economics from the Graduate School of the People's Bank of China in July 1986 and obtained a master's degree in economics of development from the Australian National University in April 1991.

**Ms. Liu Ka Ying, Rebecca (廖家瑩)**, aged 43, was appointed as our Independent Non-executive Director on November 18, 2013. From June 1996 to March 2002, Ms. Liu served as the general manager for the Asia and China region of The PRG-Schultz International, Inc., a company listed on NASDAQ. In January 2007, Ms. Liu was appointed as the chief executive officer of AllPanther Asset Management Limited (浚富（資產）管理有限公司) and served at such position since then. She possesses experience in management, investment in real estate development and private investment funds, as well as accounting and financial management.

Ms. Liu is a member of the American Institute of Certified Public Accountants (AICPA), Illinois CPA Society (ICPAS) of the United States and Hong Kong Institute of Certified Public Accountants (HKICPA). Ms. Liu obtained a double bachelor's degree in Business Administrative Studies from York University, Canada with major in management and in accounting (with honours) in 1992 and 1994, respectively. She also obtained a doctoral's degree in business administration from Victoria University of Switzerland in November 2011. She is also a member of the Tenth Jilin Provincial Committee of the Chinese People's Political Consultative Conference, Hong Kong Institute of Bankers, Association of Women Accountants (Hong Kong) Limited and Hong Kong Professionals and Senior Executives Association.

**Mr. Cai Suisheng (蔡穗聲)**, aged 62, was appointed as our Independent Non-executive Director on November 18, 2013. Mr. Cai is currently the president of Guangdong Provincial Real Estate Association (廣東省房地產行業協會) and a member of the Housing Policy Expert Committee of the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部住房政策專家委員會). Also, in

2004, Mr. Cai was a visiting scholar at the Institute of Housing and Urban Research of Uppsala University in Sweden (瑞典烏普薩拉大學住房與城市發展研究所). From 2006 to 2010, Mr. Cai served as a standing director of the China Real Estate Association (中國房地產業協會). In June 2008, Mr. Cai was also appointed as one of the independent non-executive directors of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. Cai has in-depth knowledge and extensive experience in real estate policy, market and urban management and has published numerous articles and reviews regarding the real estate market, housing policy as well as urban development and management in various newspapers and publications.

Each of our Directors has not been involved in any of the events described under [●]. Save as disclosed above, none of our Directors has been a director of other listed entities for the three years immediately preceding the date of this document.

## SENIOR MANAGEMENT

The table below sets forth certain information concerning our other senior management members:

| Name | Age | Date of joining the Group | Position |
|---|---|---|---|
| Ji Haipeng (紀海鵬) | 47 | June 1996 | Chairman and Chief Executive Officer |
| Ji Jiande (紀建德) | 39 | January 2006 | Vice President of the Group |
| Xiao Xu (肖旭) | 42 | August 2007 | Assistant to president of the Group |
| Lai Zhuobin (賴卓斌) | 42 | November 2007 | Finance director of the Group |
| Zhao Yinghua (趙英華) | 40 | December 2012 | Vice president of the Group, primarily responsible for monitoring our project companies within the Shenzhen region, including Shenzhen, Huizhou and Dongguan |
| Huang Xiangling (黃湘玲) | 37 | August 2005 | Vice president of the Group, primarily responsible for the management of the president's office and public affairs of our Group |

Please refer to the section entitled "—Board of Directors" in this document for the biographies of Mr. Ji Haipeng, Mr. Ji Jiande, Mr. Lai Zhuobin and Mr. Xiao Xu.

**Mr. Zhao Yinghua (趙英華)**, aged 40, is a vice president of our Group, mainly responsible for monitoring our project companies within the Shenzhen region, including Shenzhen, Huizhou and Dongguan. Mr. Zhao joined our Group in December 2012. From 2008 to 2012, Mr. Zhao served as the regional president of Foshan Shunde Country Garden Property Management Co., Ltd. (佛山市順德區碧桂園物業發展有限公司) and gained experience in planning of projects at its initial stage as well as projects operation and management. Mr. Zhao obtained a undergraduate diploma in architectural engineering from Nanchang Institute of Technology (南昌理工學院) in July 2004.

**Ms. Huang Xiangling (黃湘玲)**, aged 37, is a vice president of our Group. She is mainly responsible for the management of the president's office and public affairs of our Group. Ms. Huang joined Logan Real Estate in 2005. Since August 2005 and May 2011, Ms. Huang has served as the general manager of Shantou Logan Property and assistant to the president of Shenzhen Youkaisi, respectively. Ms. Huang has extensive experience in project management, internal management and external liaison. Ms. Huang obtained a diploma in public affairs management from Zhejiang University (浙江大學) in June 2007 through long-distance learning.

## COMPANY SECRETARY

**Ms. Li Yan Wing, Rita (李昕穎)**, aged 47, is a director of the corporate services division of Tricor Services Limited. Ms. Li is a chartered secretary and a fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She has over 24 years' experience in corporate advisory services. Prior to joining Tricor Services Limited, Ms. Li served as a senior manager of the company secretarial department of Tengis Limited. Ms. Li currently also serves as the company secretary of China Outfitters Holdings Limited (stock code: 1146) and Kee Holdings Company Limited (stock code: 2011), companies whose shares are listed on the Stock Exchange.

## BOARD COMMITTEE

### *Audit Committee*

We have established an audit committee on November 18, 2013 with written terms of reference in compliance with [●] as set out in [●]. The audit committee consists of three Independent Non-executive Directors, Ms. Liu Ka Ying, Rebecca (being the chairman of the audit committee who has a professional qualification in accountancy), Mr. Cai Suisheng and Mr. Zhang Huaqiao. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

### *Remuneration Committee*

We have established a remuneration committee on November 18, 2013 with written terms of reference in compliance with [●] as set out in [●]. The remuneration committee consists of three members, two of whom are Independent Non-executive Directors, being Ms. Liu Ka Ying, Rebecca and Mr. Zhang Huaqiao, as well as our Executive Director, Mr. Ji Haipeng. The remuneration committee is chaired by Mr. Zhang Huaqiao. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the [●], subject to review by and the recommendations of our remuneration committee.

### *Nomination Committee*

We have established a nomination committee on November 18, 2013 with written terms of reference. The nomination committee consists of three members, namely Mr. Ji, Mr. Zhang Huaqiao and Ms. Liu Ka Ying, Rebecca. Two of the members are our Independent Non-executive Directors. The chairman of the nomination committee is Mr. Ji. The primary function of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

## COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Executive Directors, who are also our employees, receive, in their capacity as our employees, compensation in the form of salary and cash bonus.

The aggregate amount of remuneration including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, was RMB2,818,000, RMB5,235,000, RMB6,856,000 and RMB3,501,000, respectively.

The aggregate amount of remuneration, including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid by our Group to our five highest paid individuals for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, was RMB3,717,000, RMB7,444,000, RMB9,263,000 and RMB5,444,000, respectively.

No remuneration was paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of our Directors for the year ending December 31, 2013 is estimated to be no more than RMB7,000,000.

## SHARE OPTION SCHEME

We have adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to the section entitled "Statutory and General Information—Share Option Scheme" in Appendix V to this document.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Ji Haipeng is appointed as our chairman and our Chief Executive Officer to oversee the operations of the Group. Pursuant to [●], the roles of chairman and chief executive officer should be separated. However, due to the nature and the extent of the Group's operations and Mr. Ji's in-depth knowledge and experience in the PRC real estate industry and his familiarity with the operations of the Group, the Company considers that it is not preferable to find an alternative candidate to replace Mr. Ji Haipeng and serve at either of the positions at this stage. As such, the role of the chairman and chief executive officer of our Company are not being separated pursuant to the requirement under [●].

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid:

*Authorized share capital:*

| | **HK$** |
|---|---|
| 100,000,000,000 Shares of HK$0.10 each | 10,000,000,000 |

*Issued and to be issued, fully paid or credited as fully paid:*

| | | **HK$** |
|---|---|---|
| 1,000 | Shares in issue as of the date of this document . . . . . . . . . . . . . . . . . . . . . . . . . . . | 100 |

**You should read the following discussion and analysis in conjunction with our consolidated financial information together with the accompanying notes, set forth in the Accountants' Report included as Appendix I to this document. Our consolidated financial information has been prepared in conformity with [●], which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants' Report included as Appendix I to this document and not rely merely on the information contained in this section. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this document. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.**

## OVERVIEW

We are a property developer in the PRC focusing on the residential property market, and our products are primarily targeted at first-time homebuyers and upgraders. In 2012, we were ranked as the 46th-largest property developer in the PRC by sales.[(1)] We have developed residential property projects in 11 cities in economically prosperous and emerging regions of the PRC, such as Guangdong and Guangxi Provinces, the Chengdu-Chongqing economic region and Hainan Province.

As of October 31, 2013, our Group and, prior to the commencement of the Reorganization, our predecessors had completed a total of 54 projects with a total GFA of over 7,160,000 sq.m. We have a land bank comprising land we acquired at competitive prices, and we strive to build our land bank by establishing and expanding our presence in economic regions which we believe hold high growth potential. As of October 31, 2013, we had 70 projects at various stages of development in 11 cities and a land bank with an aggregate GFA of 11.2 million sq.m., primarily comprising residential property projects with ancillary retail shops, as well as an office property project where our headquarters is located. For details of our property projects, please see the section entitled "Business—Our Property Projects" in this document. We believe our current land bank will be sufficient to meet our development needs for the next five to six years, based on our current projections and our historical sales and land development records.

We have established a replicable property development process, which is supported by our in-house departments and subsidiaries specializing in design and planning, construction, decoration, procurement, sales, customer services and each other major step in the property development process. We leverage our ability to build projects through our own construction subsidiary, centralized and strategic procurement, quick development operation model and cost control over the whole property development process to optimize our costs, shorten development cycles, improve cash flow and maintain profitability. In 2010, 2011 and 2012 and the six months ended June 30, 2013, we achieved net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) of 14.5%, 17.7%, 17.9% and 12.3%, respectively.

We have experienced significant growth in recent years. In 2010, 2011, 2012 and the six months ended June 30, 2013, our turnover was RMB2,851.7 million, RMB3,447.5 million,

*Note:*

(1) The ranking is based on China Index Academy's evaluation of the largest property developers in the PRC by sales in 2012.

RMB6,587.7 million and RMB3,332.2 million, respectively, our net profit was RMB939.6 million, RMB1,263.2 million, RMB1,817.0 million and RMB442.3 million, respectively, and we recorded contracted sales of RMB3,031.9 million, RMB4,466.6 million, RMB9,737.2 million and RMB5,787.6 million, respectively.

We have developed a diversified product portfolio which includes high-rise residential apartments and low-rise garden apartments, among others, catering to the residential property markets. We have developed two distinctive product styles, namely neoclassical and art deco, each of which comprises standardized designs for facades, interior designs and landscaping, as well as standardized parts and materials. We leverage our quick development operation model and our standardized control over each step of our property development process to ensure product and service quality and to support our future development and profitability.

## BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands with limited liability on May 14, 2010. In preparation for the [●], our Group underwent the Reorganization, as detailed in the section entitled "History and Reorganization" in this document. As a result of the Reorganization, our Company became the ultimate holding company of various companies controlled by Mr. Ji in the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which were principally engaged in investment holding, property development, property leasing and construction.

As all of the companies now constituting the Group were ultimately controlled by Mr. Ji both before and after the completion of the Reorganization, the Reorganization has been treated as a business combination under common control for accounting purposes, and the financial information of our Group for 2010, 2011, 2012 and the six months ended June 30, 2013 (the "Financial Information") has been prepared using the principles of merger accounting. The Financial Information of the Group has been prepared as if the Group was always in existence in its current form for the entire Track Record Period. The net assets of the companies involved in the Reorganization are consolidated using the existing book values from the controlling party's perspective.

For more information on the basis of preparation of the Financial Information included herein, please see the Accountants' Report included as Appendix I to this document.

## SUMMARY FINANCIAL INFORMATION

### *Consolidated Income Statements and Statements of Comprehensive Income*

The table below sets forth selected financial information extracted from our consolidated income statements and consolidated statements of comprehensive income for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Turnover** | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |
| **Direct costs** | (2,070,466) | (2,062,001) | (4,027,359) | (941,799) | (2,307,004) |
| **Gross profit** | 781,193 | 1,385,473 | 2,560,301 | 624,619 | 1,025,201 |
| Other revenue | 16,168 | 16,801 | 33,775 | 15,267 | 11,336 |
| Other net (loss)/income | (197) | 11,316 | 522 | (16) | (4,872) |
| Selling and marketing expenses | (63,058) | (148,460) | (205,686) | (59,425) | (125,916) |
| Administrative expenses | (123,708) | (207,606) | (280,059) | (122,776) | (184,558) |
| Net increase in fair value of investment properties(1) | 695,779 | 863,715 | 836,652 | 395,945 | 40,506 |
| **Profit from operations** | 1,306,177 | 1,921,239 | 2,945,505 | 853,614 | 761,697 |
| Finance costs | (5,047) | (96,284) | (170,218) | (86,251) | (63,501) |
| **Profit before taxation** | 1,301,130 | 1,824,955 | 2,775,287 | 767,363 | 698,196 |
| Income tax | (361,509) | (561,801) | (958,318) | (251,938) | (255,937) |
| **Profit for the year/period** | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Attributable to:** | | | | | |
| —Equity shareholders of the Company | 926,251 | 1,247,583 | 1,794,068 | 512,185 | 435,386 |
| —Non-controlling interests | 13,370 | 15,571 | 22,901 | 3,240 | 6,873 |
| **Profit for the year/period** | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Other comprehensive income for the year/period (after tax and reclassification adjustments)** | | | | | |
| Exchange differences on translation of financial statements of overseas entities | 4 | 24,226 | (67) | (2,810) | 9,678 |
| **Total comprehensive income for the year/period** | 939,625 | 1,287,380 | 1,816,902 | 512,615 | 451,937 |
| **Attributable to:** | | | | | |
| —Equity shareholders of the Company | 926,255 | 1,271,809 | 1,794,001 | 509,375 | 445,064 |
| —Non-controlling interests | 13,370 | 15,571 | 22,901 | 3,240 | 6,873 |
| **Total comprehensive income for the year/period** | 939,625 | 1,287,380 | 1,816,902 | 512,615 | 451,937 |

*Note:*

(1) Increases in fair value of investment properties are unrealized capital gains. Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. Please see the section entitled "—Key Factors Affecting Our Results of Operations—Changes in Estimated Fair Value of Our Investment Properties" in this document.

***Selected Consolidated Balance Sheets Items***

The table below sets forth selected financial information extracted from our consolidated balance sheets as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | 2,097,201 | 3,187,487 | 4,075,690 | 4,138,818 |
| **Current assets** | 9,986,814 | 13,405,167 | 17,973,466 | 21,096,505 |
| **Current liabilities** | 5,938,292 | 9,596,124 | 13,021,807 | 15,501,067 |
| **Net current assets** | 4,048,522 | 3,809,043 | 4,951,659 | 5,595,438 |
| **Total assets less current liabilities** | 6,145,723 | 6,996,530 | 9,027,349 | 9,734,256 |
| **Non-current liabilities** | 4,449,058 | 4,673,171 | 4,876,588 | 5,146,637 |
| **NET ASSETS** | 1,696,665 | 2,323,359 | 4,150,761 | 4,587,619 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 412,050 | — | — | — |
| Reserves | 1,268,676 | 2,291,849 | 4,092,780 | 4,522,765 |
| Total equity attributable to equity shareholders of the Company | 1,680,726 | 2,291,849 | 4,092,780 | 4,522,765 |
| **Non-controlling interests** | 15,939 | 31,510 | 57,981 | 64,854 |
| **TOTAL EQUITY** | 1,696,665 | 2,323,359 | 4,150,761 | 4,587,619 |

***Selected Consolidated Cash Flow Statements Data***

The table below sets forth selected financial information extracted from our consolidated cash flow statements for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Net cash (used in)/generated from operating activities | (40,843) | 501,243 | 1,648,151 | 159,068 | (910,540) |
| Net cash (used in)/generated from investing activities | (221,637) | (124,380) | 18,026 | (10,646) | (5,351) |
| Net cash generated from/(used in) financing activities | 156,722 | (317,865) | (89,019) | 565,905 | 693,778 |
| Net (decrease)/increase in cash and cash equivalents | (105,758) | 58,998 | 1,577,158 | 714,327 | (222,113) |
| Effect of foreign exchange rate changes | (41) | (139) | 29 | 64 | (27) |
| Cash and cash equivalents at the beginning of the year/period | 1,006,621 | 900,822 | 959,681 | 959,681 | 2,536,868 |
| **Cash and cash equivalents at the end of year/period** | 900,822 | 959,681 | 2,536,868 | 1,674,072 | 2,314,728 |

### *Key Financial Metrics*

The table below sets forth a summary of our key financial metrics during the Track Record Period:

| Financial metric | Formula | As of/for the year ended December 31, 2010 | 2011 | 2012 | As of/for the six months ended June 30, 2013 |
|---|---|---|---|---|---|
| **Profitability:** | | | | | |
| 1. Growth | | | | | |
| a. Turnover growth | | 56.8% | 20.9% | 91.1% | 112.7% |
| b. Net profit growth[(1)] | | 145.3% | 47.9% | 92.8% | 87.1% |
| 2. Profit margins | | | | | |
| a. Gross profit margin | Gross profit ÷ turnover x 100% | 27.4% | 40.2% | 38.9% | 30.8% |
| b. Net profit margin before interest expenses and tax | Profit from operations ÷ turnover x 100% | 45.8% | 55.7% | 44.7% | 22.9% |
| c. Net profit margin | Profit for the year/period ÷ turnover x 100% | 32.9% | 36.6% | 27.6% | 13.3% |
| d. Net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes)[(2)] | Profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes)[(3)] ÷ turnover x 100% | 14.5% | 17.7% | 17.9% | 12.3% |
| 3. Rates of return | | | | | |
| a. Return on equity | Profit for the year/period ÷ total equity as of end of year/period x 100% | 55.4% | 54.4% | 43.8% | N/A[(4)] |
| b. Return on total assets | Profit for the year/period ÷ total assets as of end of year/period x 100% | 7.8% | 7.6% | 8.2% | N/A[(4)] |
| **Liquidity:** | | | | | |
| Current ratio | Current assets ÷ current liabilities | 1.7 | 1.4 | 1.4 | 1.4 |
| **Capital adequacy:** | | | | | |
| a. Net debt to equity ratio | Net debt[(5)] ÷ total equity | 2.5 | 2.2 | 1.0 | 1.2 |
| b. Interest coverage | Profit from operations ÷ interest on bank loans and other borrowings | 5.2 | 5.6 | 6.0 | 3.1 |
| c. Gearing ratio | Bank and other loans ÷ total equity | 3.1 | 2.6 | 1.6 | 1.8 |

*Notes:*

(1) Before changes in fair value of investment properties and the relevant deferred taxes.

(2) Net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes) is defined as profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes) divided by turnover multiplied by 100%.

(3) Profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes) is defined as profit for the year/period less net increase in fair value of investment properties plus deferred tax recognized on the revaluation of investment properties for that year/period.

(4) Figures for the six months ended June 30, 2013 are not comparable to full year figures.

(5) Net debt is defined as all borrowings net of cash and cash equivalents.

## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, many of which may be beyond our control, including those factors described in the section entitled "Risk Factors" in this document and those described below.

### *The Performance of National and Local Economies and the Property Markets in China*

Substantially all of our turnover during the Track Record Period was generated from operations relating to residential property markets in the PRC, and in Guangdong and Guangxi Provinces in particular. The performance of these markets has been closely tied to macroeconomic factors, including rates of economic growth and urbanization, as well as fluctuations in the demand for residential properties. The growth of our business and results of operations have, as a result, been driven to a significant extent by GDP growth and increasing urbanization in the PRC generally, and in Guangdong and Guangxi Provinces in particular.

Since 2010, global economic growth has slowed on fears that the sovereign debt crisis of certain eurozone countries would deepen, resulting in uncertainty with regard to China's economic growth, which affected the PRC property development industry. In 2012, there were renewed signs of uncertainty with regard to China's economic growth. For more information, please see the section entitled "Industry Overview" in this document. If China's economic slowdown or the global economic slowdown continues or becomes more severe than we currently anticipate, our business prospects, revenues, cash flows and financial condition could be materially and adversely affected.

### *Governmental Policies and Regulations in the PRC relating to the Property Development Industry*

Governmental policies and regulations in the PRC relating to property development and related industries have a direct impact on our business and results of operations, including policies and regulations relating to:

- land acquisition;
- pre-sales;
- the availability of mortgage financing;
- the availability of capital through loans or other sources;
- the transfer of land use rights and completed properties;
- tax;
- planning and zoning; and
- building design and construction.

From time to time the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulations relating to, among other things, land grants, pre-sales of properties, bank financing and taxation.

In recent years, the PRC government has implemented a series of measures with a view to managing the growth of the economy, including various restrictive measures to discourage speculation in the property market and to increase the supply of affordable residential properties. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand in respect of residential properties. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. The PRC government may introduce further initiatives that affect our access to capital and the means by which we finance our property development business. See the section entitled "Laws and Regulations relating to the Industry" in this document for more details on the relevant PRC laws and regulations.

Changes in the economic or regulatory environment in the PRC in general or in the cities and regions in which we operate may affect the selling price of our properties as well as the time it will take us to pre-sell or sell the properties we have developed. Lower selling prices, without a corresponding decrease in costs, will adversely affect our gross profit and reduce cash flow generated from the sales of our properties, which may increase our reliance on external financing and negatively impact our ability to finance the continuing growth of our business. A prolonged selling period will increase our selling and distribution costs as well as reduce the cash flow generated from the sales of our properties for a particular period. On the other hand, higher selling prices and a shorter selling period may increase our gross profit, reduce our selling and distribution costs and increase our cash flow for a particular period to enable us to fund the continuing growth of our business.

For additional information, please see the sections entitled "Risk Factors—Risks relating to Property Development in the PRC" and "Industry Overview—Overview for the PRC Property Market—Recent Developments in the PRC Property Market" in this document.

***Access to and Cost of Financing***

Property development requires substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flows can be generated from a project. During the Track Record Period, we primarily used internal funds (including proceeds from the re-sale and sales of our projects) to acquire land for our project, and a combination of internal funds and bank loans to fund the construction of our projects. Please see the section entitled "—Liquidity and Capital Resources" in this document.

Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property development. We are highly susceptible to the effects of any regulations or measures adopted by the PBOC that restrict bank lending, particularly those that restrict the ability of property developers to obtain lending. Moreover, a substantial portion of our purchasers depend on mortgage financing to purchase our properties. Regulations or measures adopted by the PRC government that are intended to restrict the ability of purchasers to obtain mortgages, that limit their ability to resell their properties or that increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our sales revenue.

As commercial banks in China link the interest rates on their loans to PBOC benchmark interest rates, any increase in such benchmark interest rates will increase our finance costs. For further information, please see the section entitled "Risk Factors—Risks relating to Our Business—

Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this document.

We expect that any increases in interest rates will increase our borrowing costs in general and the financing cost of leveraged property buyers and, as a result, may delay potential purchasers from making a purchase. The effect of any increases in interest rates on our borrowing costs will not be immediately apparent due to our capitalization of borrowing costs. Upon completion of a project and once the property has been delivered to buyers, the capitalized interest expenses of the relevant property are recognized as direct costs on our consolidated income statements. As of June 30, 2013, the amounts of capitalized borrowing costs included in our consolidated balance sheets as properties under development and completed properties held for sales were RMB284.7 million and RMB140.7 million, respectively. As a result, such capitalized borrowing costs have impacted our results during the Track Record Period and may adversely affect our Group's gross and net profit margins upon the sales of such properties. For illustrative purposes only, the following table shows the sensitivity of our gross profit margin of the sales of properties segment during the Track Record Period with regard to changes in our capitalized costs, assuming all other variables held constant:

| | Changes in gross profit margin of sales of properties segment | | | |
|---|---|---|---|---|
| | For the year ended December 31, | | | For the six months ended June 30, |
| | 2010 | 2011 | 2012 | 2013 |
| **Changes in capitalized costs** | | | | |
| +30% | -1.4% | -1.0% | -1.5% | -1.8% |
| +20% | -1.0% | -0.7% | -1.0% | -1.2% |
| +10% | -0.5% | -0.3% | -0.5% | -0.6% |
| -10% | 0.5% | 0.3% | 0.5% | 0.6% |
| -20% | 1.0% | 0.7% | 1.0% | 1.2% |
| -30% | 1.4% | 1.0% | 1.5% | 1.8% |

Please also see the section entitled "Risk Factors—Risk relating to Our Business—We may not be able to obtain adequate funding or capital on commercially favorable terms for land acquisitions or property developments" in this document.

### *Income Tax*

#### CIT

We are subject to CIT in China. Effective from January 1, 2008, all enterprises with operations in China, including our PRC subsidiaries, are subject to a uniform income tax rate of 25%. Certain of our subsidiaries incorporated in Shenzhen and Shantou previously enjoyed preferential tax rates which were gradually phased out and those subsidiaries became subject to the uniform tax rate beginning in 2013. Significant judgment is required in determining the provision for income tax. If the final tax applicable is different from the provisions, such difference will impact the income tax and deferred tax provision in the period in which the determination is made, which can have a significant effect on our results of operations.

#### LAT

Under PRC tax laws and regulations, our income from the sales of land use rights and buildings or related facilities is subject to LAT. LAT is payable at progressive rates ranging from 30% to 60% of the appreciation in value as defined in the relevant tax laws.

In 2010, 2011, 2012 and the six months ended June 30, 2013 we made LAT provisions of RMB62.1 million, RMB138.9 million, RMB334.1 million and RMB102.3 million, respectively. In the same periods, we made LAT payments of RMB46.0 million, RMB89.7 million, RMB171.1 million and RMB111.2 million, respectively. The provision for LAT is made based on our management's best estimates according to their understanding of the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and could be different from the amounts that were initially recorded, and any such differences will impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities.

Although we believe our provisions have been made in material compliance with LAT laws and regulations, they may or may not be sufficient to cover future LAT payments. Please see the section entitled "Risk Factors—Risks relating to Our Business—PRC tax authorities may challenge the basis on which we calculate our LAT obligations" in this document.

### *Fluctuations in Results relating to the Timing of Completion of Our Property Developments*

The number of property developments that a property developer can undertake during any particular period is limited due to the substantial amount of capital required to fund land acquisitions and to pay for the cost of construction, as well as by its management resources. Property developments may take many months, or possibly years, before any pre-sale takes place and even longer to complete. While the pre-sale of a property generates positive cash flow for us in the period in which it is made, pursuant to [●], we only recognize revenue upon the delivery of our properties, which takes place approximately six to 30 months after the commencement of pre-sales of our properties. Please see the section entitled "—Critical Accounting Policies—Revenue Recognition" in this document for further information. Since the delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the aggregate GFA delivered and the timing of the delivery of the properties that we sell. Periods in which we deliver more aggregate GFA typically generate a higher level of revenue. Periods in which we pre-sell a large amount of GFA, however, may not generate a correspondingly high level of revenue if the properties pre-sold are not delivered within the same period. The effect of the timing of project delivery on our operational results is accentuated by the fact that we can only undertake a limited number of projects during any particular period. As a result, our results of operations may fluctuate in the future.

### *Changes in Estimated Fair Value of Our Investment Properties*

Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. In 2010, 2011, 2012 and the six months ended June 30, 2013, we recognized net increases in fair value of investment properties of RMB695.8 million, RMB863.7 million, RMB836.7 million and RMB40.5 million, respectively, which represented 53.5%, 47.3%, 30.1% and 5.8%, respectively, of our profit before taxation in those periods. Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. In accordance with [●], we are required to reassess the fair value of our investment properties on each reporting date, and we include the gains or losses arising from changes in the estimated fair value of such investment properties in our income statement in the period in which they arise. Pursuant to HKAS 40, the value of our investment properties may be recognized by using either the fair value model or the cost model. We state the value of our investment properties at their estimated fair value because we are of the view that periodic estimated fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties. The fair values of our investment properties are based on valuations of such properties conducted by our independent property valuer, using property valuation techniques involving certain assumptions about market conditions. Please see the section entitled "—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" in this document and the Property Valuation Report in Appendix III to this document for more details.

Investors should be aware that the increases in fair value of investment properties included in our consolidated income statements reflect unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations or generate any actual cash inflow to us unless and until such investment properties are sold at or above such estimated fair values. Favorable or unfavorable changes in the assumptions of market conditions used by our independent property valuer would result in changes to the fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in our income statement in the future. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may fluctuate significantly. Please see the section entitled "Risk Factors—Risks relating to Our Business—Our property valuation may differ materially from the actual realizable value of our properties, which is subject to change" in this document.

### *Land Acquisition Costs*

To have a steady stream of properties available for sale and to achieve continuous growth in the long term, we need to replenish and increase suitable land reserves at commercially acceptable prices. The cost of acquiring land has a direct and substantial effect on our gross margins. We expect competition among property developers for suitable land reserves to remain intense, which affects land prices.

Our costs of land use rights are influenced by a number of factors, including the location of the property, the timing of the acquisition, as well as the project's plot ratios. Costs of land use rights are also affected by our method of acquisition. For example, the public tender, auction and listing-for-sale practice in respect of the grant of state-owned construction land use rights is likely to increase competition for available land and to increase land acquisition costs.

In November 2007, the PRC government introduced regulations to increase the transparency related to the grant of state-owned land use rights for residential and commercial property developments through competitive processes administered by local governments, including public tenders, auctions or listing-for-sale. Under such regulations, land use rights certificates are no longer separately issued according to the proportion of the land premium paid. Instead, land use rights certificates are not issued until the land premium has been fully paid up pursuant to the land grant contract. Furthermore, in November 2009, five PRC regulatory agencies promulgated the Notice on Strengthening of Land Grant Revenues and Expenditures (《關於進一步加強土地出讓收支管理的通知》), which raised the minimum down-payment of land premium to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. These regulations are expected to be an additional factor increasing the difficulty of acquiring land and contributing to higher land acquisition costs. For further details of the relevant PRC regulations, please see the section entitled "Industry Overview—Overview for the PRC Property Market—Recent Developments in the PRC Property Market" in this document.

### *Construction Costs*

Another key component of our direct costs are construction costs, which consist of all costs for the design and construction of a project, including, primarily, the cost of construction materials and equipment and payments to contractors. The construction costs of our projects vary not only according to the floor area and height of the buildings, but also according to the geology of the construction site. Historically, construction materials costs have been a principal driver of the construction costs of our property developments. Construction costs fluctuate as a result of changes in the prices of key construction materials such as steel and concrete. Construction costs have a direct effect on our gross margin. For illustrative purposes only, the following table shows the sensitivity of the gross profit margin of our sales of properties segment during the Track Record Period with regard to changes in steel and concrete costs recognized as our direct costs during the same period, assuming all other variables held constant:

| | Changes in gross profit margin of sales of properties segment | | | |
|---|---|---|---|---|
| | For the year ended December 31, | | | For the six months ended June 30, |
| | 2010 | 2011 | 2012 | 2013 |
| +30% change in steel/concrete costs | -1.8%/-1.0% | -1.6%/-0.9% | -1.3%/-0.8% | -1.4%/-0.8% |
| +20% change in steel/concrete costs | -1.2%/-0.7% | -1.1%/-0.6% | -0.9%/-0.5% | -0.9%/-0.5% |
| +10% change in steel/concrete costs | -0.6%/-0.3% | -0.5%/-0.3% | -0.4%/-0.3% | -0.5%/-0.3% |
| -10% change in steel/concrete costs | 0.6%/0.3% | 0.5%/0.3% | 0.4%/0.3% | 0.5%/0.3% |
| -20% change in steel/concrete costs | 1.2%/0.7% | 1.1%/0.6% | 0.9%/0.5% | 0.9%/0.5% |
| -30% change in steel/concrete costs | 1.8%/1.0% | 1.6%/0.9% | 1.3%/0.8% | 1.4%/0.8% |

We manage the procurement of base construction materials in-house based on their market prices, and generally do not cap the prices of such materials in our procurement contracts. As a result, we are subject to the risks of short-term price fluctuations and long-term movements in the prices of our construction materials. Our profitability may suffer if we cannot pass on any resulting increases in our costs to our customers. Furthermore, as we typically pre-sell our properties prior to their completion, we may not be able to pass on any increases in our costs to our customers where construction costs increase subsequent to such pre-sales.

### *Expansion into Other Cities*

The further expansion of our operations into new cities may impose higher demands on our management's resources and affect our profit margins. During the Track Record Period, we commenced one project in each of Chengdu, Sichuan Province and Lingshui, Hainan Province, our first two property development projects outside of Guangdong and Guangxi Provinces. In addition, we plan to increase our investments in the Chengdu-Chongqing economic region and monitor opportunities for expansion into the Bohai Bay economic region of northeast China and other high-growth regions in China. As our target customers are first-time buyers and upgraders of residential properties, we believe the current economic uncertainty in the PRC will not materially affect our business. However, as the PRC property development industry is highly competitive and localized, we may not be able to compete effectively in these or other new markets with the established local property developers or national property developers with greater resources. These competitors may have better access to information and knowledge of the market. As such, the level of profitability which we will be able to achieve in such markets is uncertain.

### *Project Companies Not Included in Our Financial Information*

The Accountants' Report included in Appendix I to this document does not include financial information relating to the Foshan Project Companies, which formed part of the business of and contributed revenues to our predecessors' group but do not form part of our Group. Although the Foshan Project Companies were not injected into our Group as part of the Reorganization, our management devoted significant attention to the planning and development of these projects as part of our predecessors' group, and these project companies recorded significant revenues and profits in 2010. For further information, please see the section entitled "Relationship with Our Controlling Shareholders" in this document.

## CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our operating results and financial condition are based on our audited consolidated financial statements, which have been prepared in accordance with [●]. Our operating results and financial condition are sensitive to accounting methods, assumptions and estimates. The assumptions and estimates we have used have been based on our industry experience and various factors including our management's expectations of future events which they believe to be reasonable. Actual results may differ from these estimates and assumptions. During the Track Record Period, there were no significant changes in our assumptions and estimates, and we will continuously assess our assumptions and estimates going forward.

The selection of critical accounting policies, the estimates and judgments and other uncertainties affecting application of other policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial statements. Our significant accounting policies are summarized in Section B Note 1 in the Accountants' Report in Appendix I to this document. We believe that the following critical accounting policies involved the most significant estimates and judgments in the preparation of our consolidated financial statements.

### *Revenue Recognition*

Revenue is recognized when it is probable that the economic benefits will flow to our Group and when the revenue and costs, if applicable, can be measured reliably, on the following basis:

(i) sales of completed properties: when the significant risks and rewards of ownership have been transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the respective sales contracts and the collectability of related receivables is reasonably assured;

(ii) rental income: in equal installments over the periods covered by the respective lease terms, 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 our consolidated income statements as an integral part of the aggregate net lease payments available and contingent rentals are recognized as income in the accounting period in which they are earned; and

(iii) construction income: when the outcome of a construction contract can be estimated reliably, income from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract, and when the outcome of a construction contract cannot be estimated reliably, income is recognized only to the extent of contract costs incurred that are likely to be recoverable.

***Direct Costs of Completed Properties for Sales***

We recognize the direct costs of our properties for a given period to the extent that revenue from the sales of such properties has been recognized in such period. Prior to the recognition of revenue from such sales, completed properties held for sales are included in our consolidated balance sheets at the lower of cost and net realizable value.

Direct costs for each property sold include the specific development cost of the property, including, primarily, land premium, construction and other development costs, but exclude selling and marketing expenses and administrative expenses.

***Properties under Development for Sale and Completed Properties for Sale***

Properties classified under inventories on our consolidated balance sheets as properties under development for sale are intended to be held for sale after completion. These properties are stated at the lower of cost and net realizable value and the line item properties under development for sale also includes land premium, development costs and capitalized borrowing costs incurred during the construction period. Upon completion, the properties are classified under inventories as completed properties for sale.

During construction, development costs of properties to be sold are recorded under inventories on our consolidated balance sheets as properties under development for sale and are transferred to our consolidated income statement upon recognition of the revenue from the sales of completed properties. Before the final settlement of the development costs and other costs relating to the sales of properties, these costs are accrued by our Group in amounts based on our management's estimates.

When constructing properties, we typically divide the development projects into phases. Costs directly related to the construction of a particular phase are recorded as costs of that phase. Costs that are common to multiple phases are allocated to individual phases in proportion to the saleable area.

Properties classified under inventories as completed properties for sale are stated at the lower of cost and net realizable value. Cost of completed properties for sale is determined by an apportionment of total land premium and development costs attributable to the unsold properties. Net realizable value is the estimated selling price, based on prevailing market conditions, less costs to be incurred in selling the property.

***Investment Properties***

Investment properties, including investment properties under development, are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs (if any). Subsequent to initial recognition, investment properties are stated at fair value. The valuations of our investment properties are carried out by DTZ Debenham Tie Leung Limited, an independent firm of professional surveyors, by using a direct comparison approach assuming sales of each of such properties in its existing state with the benefit of vacant possession and on a market value basis determined based on comparable market sales transactions as available in the relevant market and, where appropriate, on the basis of capitalization of the net rental income derived from the existing tenancy agreements and making allowance for the reversionary income potential of the relevant properties. For more information on the valuation methods, please see the section entitled "—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" in this document and the section entitled "Method of Valuation" in Appendix III to this document.

Gains or losses arising from changes in the fair values of investment properties are included in the income statements in the periods in which they arise. Any gains or losses arising from the retirement or disposal of an investment property are recognized in the income statement in the period of the retirement or disposal.

***Borrowing Costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, namely, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs is suspended or ceased when the assets are substantially ready for their intended use or sale or when the development of such assets has been interrupted. Other borrowing costs are expensed in the period in which they are incurred.

***Income Tax***

We are subject to CIT and LAT in China. For details, please see the section entitled "—Key Factors Affecting Our Results of Operations—Income Tax" in this document.

***Deferred Tax***

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax assets in respect of tax losses carried forward are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. In determining the carrying amounts of deferred tax assets, we estimate future taxable profits, and such estimation involves a number of assumptions relating to the operating environment of our Group and requires a significant level of judgment exercised by our Directors. Any change in these assumptions and judgments would affect the carrying amounts of deferred tax assets to be recognized, and hence our net profit, in future periods.

## DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

### *Turnover*

Turnover represents revenue earned during the Track Record Period from the sales of properties, rental income and construction income, attributable to our property development, property leasing and construction contracts operating segments, respectively, net of business tax and other sales-related taxes and discounts allowed. Further details on these operating segments are set forth in the section entitled "—Segment Reporting" in this document.

The table below sets forth our turnover by operating segment for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Turnover** | | | | | |
| Sales of properties | | | | | |
| —Residential | 2,177,054 | 2,840,517 | 5,034,435 | 1,224,728 | 2,604,755 |
| —Retail | 294,066 | 281,085 | 1,072,734 | 231,658 | 231,588 |
| —Others | 44,280 | 51,075 | 189,569 | 12,577 | 131,137 |
| | 2,515,400 | 3,172,677 | 6,296,738 | 1,468,963 | 2,967,480 |
| Rental income | 1,442 | 25,692 | 55,384 | 28,953 | 28,619 |
| Construction income | 334,817 | 249,105 | 235,538 | 68,502 | 336,106 |
| Total | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |

Sales of properties represents income generated from the sales of residential properties and retail shops. Consistent with industry practice in the PRC, after satisfying the conditions for pre-sales set forth in PRC laws and regulations, we often enter into sales contracts with customers while the relevant properties are still under development. Typically there is a difference of between six and 30 months from the time we commence pre-selling properties under development to the completion and delivery of the properties. We do not recognize any revenue from the pre-sales of our properties until such properties are delivered, even though the purchase price for a property is usually paid in stages prior to the delivery of the property. Before the delivery of pre-sold properties, deposits and purchase payments or portions thereof received from our customers are recorded as receipts in advance, which is a current liability on our consolidated balance sheets.

Rental income represents recurring income generated from our investment properties, which has been historically generated from operating leases relating to the office units and retail shops developed and held by us as part of our property development projects.

Construction income represents income from the construction of residential and office buildings and public facilities, such as hospitals and schools. As a part of our predecessors' group prior to the Reorganization, Logan Construction, our subsidiary, acted as general contractor for various of our predecessors' businesses for the construction of non-residential projects, such as public facilities, during the Track Record Period. As a result, in 2010, 2011, 2012 and the six months ended June 30, 2013, we derived 71.5%, 96.0%, 100% and 100% of our construction income from related companies, respectively. For further information on our construction business, please see the section entitled "Business—Construction Business" in this document.

As we derived the majority of our turnover during the Track Record Period from the sales of properties, our results of operations for a given period depended upon the amount of total saleable

GFA, location and type of properties we completed and delivered during such period and the market demand and the price we obtained for such properties at the time they were sold or pre-sold. Conditions in the property markets in which we operate change from period to period and are affected significantly by general economic, political and regulatory developments in the PRC as well as the regions in which we operate. For further details of the effect these factors may have on our results of operations, please see the section entitled "—Key Factors Affecting Our Results of Operations" in this document.

The table below sets forth a breakdown of our total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

| | For the year ended December 31, | | | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2012 | | 2012 | | 2013 | |
| | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) | Total saleable GFA delivered | ASP per sq.m.(1) |
| | *sq.m.* | *RMB* | *sq.m.* | *RMB* | *sq.m.* | *RMB* | *sq.m.* | *RMB* | *sq.m.* | *RMB* |
| Residential . . . . . . | 438,628 | 4,963 | 502,460 | 5,653 | 813,622 | 6,188 | 242,177 | 5,057 | 402,547 | 6,471 |
| Retail . . . . . . . . . . | 17,385 | 16,914 | 8,227 | 34,166 | 25,297 | 42,405 | 9,152 | 25,315 | 10,191 | 22,725 |
| Total . . . . . . . . . . | 456,013 | | 510,687 | | 838,919 | | 251,329 | | 412,738 | |

*Note:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

In 2010, Grand Joy Palace contributed the largest portion of our turnover from the sales of properties, with 105,091 sq.m. of total saleable GFA delivered at an ASP of RMB10,401 per sq.m. In 2011, Provence contributed the largest portion of our turnover from the sales of properties, with 178,471 sq.m. of total saleable GFA delivered at an ASP of RMB4,852 per sq.m. In 2012, Grand View contributed the largest portion of our turnover from the sales of properties, with 157,264 sq.m. of total saleable GFA delivered at an ASP of RMB6,226 per sq.m. In the six months ended June 30, 2013, Palm Waterfront contributed the largest portion of our turnover from the sales of properties, with 100,501 sq.m. of total saleable GFA delivered at an ASP of RMB8,903 per sq.m.

Our retail saleable GFA delivered in the six months ended June 30, 2013 had an ASP of RMB22,725 per sq.m., as compared to RMB42,405 per sq.m. for that delivered in 2012. This decrease was primarily due to Logan Century Center, which had a relatively high ASP, contributing a significant portion of our turnover from the sales of retail properties in 2012, while the retail saleable GFA we delivered in the six months ended June 30, 2013 came from other projects as sales of the retail properties in Logan Century Center was completed in 2012.

### *Direct Costs*

The principal components of direct costs are the cost of completed properties sold, which consists of land premium, development costs and capitalized borrowing costs during the period of construction, the cost of rental income and the cost of construction income. We recognize the cost of completed properties sold for a given period to the extent that revenue from the sales of such properties has been recognized in such period. Please see the sections entitled "—Key Factors Affecting Our Results of Operations—Construction Costs" and "—Key Factors Affecting Our Results of Operations—Land Acquisition Costs" in this document.

The table below sets forth information relating to our direct costs for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of properties sold | | | | | |
| —Land premium | (493,481) | (517,619) | (856,365) | (189,084) | (474,043) |
| —Development costs | (1,177,708) | (1,220,886) | (2,664,472) | (645,629) | (1,371,463) |
| —Capitalized borrowing costs | (120,172) | (106,645) | (304,733) | (46,333) | (176,592) |
| Cost of rental income | (276) | (57) | (1,219) | (673) | (551) |
| Cost of construction income | (278,829) | (216,794) | (200,570) | (60,080) | (284,355) |
| Total direct costs | (2,070,466) | (2,062,001) | (4,027,359) | (941,799) | (2,307,004) |
| Total saleable GFA delivered (sq.m.) | 456,013 | 510,687 | 838,919 | 251,329 | 412,738 |
| Total number of car parks sold | 552 | 667 | 1,399 | 142 | 1,026 |

### Cost of properties sold

*Land premium*

Land premium includes costs relating to the acquisition of rights to occupy, use and develop land, including costs incurred in connection with a land grant from the PRC government or land obtained in the secondary market by transfer, cooperative arrangement or corporate acquisition, the applicable deed tax associated with the acquisition of land, resettlement costs and other land-related taxes and government surcharges. Our land acquisition costs are influenced by a number of factors, including the location of the property, market conditions, the project's plot ratios, the approved use of the land and our method of acquisition, whether through PRC government-organized tenders, auctions or listings-for-sale, through private sales transactions or through the acquisition of other companies that hold land use rights. Land acquisition costs are also affected by changes in PRC regulations.

*Development costs*

Development costs include all of the costs for the design and construction of a project, including payments to independent contractors and designers and the cost of materials and equipment, government fees and charges and construction management.

Cost of materials is a particularly significant component of our development costs. Development costs fluctuate as a result of changes in the prices of key construction materials, including concrete, iron, steel and other key building materials. Despite our cost control measures, we are still subject to general increases in the price of construction materials, and we expect the current trend of increasing prices for construction materials to continue in the near future, which in turn will increase our construction costs. Please see the section entitled "Risk Factors—Risks relating to Our Business—Our profit margin is sensitive to fluctuations in construction costs" in this document.

*Capitalized borrowing costs*

We capitalize a portion of our cost of borrowing (including interest expense) to the extent that such costs are directly attributable to the construction of a particular project. In general, we capitalize borrowing costs incurred from the commencement of the planning and design of a project, which predate the receipt of a permit for commencement of construction work, until the physical completion of construction. For any given project, the borrowing costs incurred after completing the construction of a project are not capitalized but are instead expensed in our consolidated income statements as finance costs in the period in which they are incurred. Where the duration of a loan extends beyond the time of the completion of the project, we are unable to capitalize the total interest costs related to the project in the year of completion. Fluctuations in the amount and timing of capitalization from period to period may affect our finance costs.

Most of our borrowing costs have been capitalized and recorded under inventories on our consolidated balance sheets as properties under development for sale or completed properties for sale rather than being expensed in our income statement at the time they were incurred. As of June 30, 2013, the amount of capitalized borrowing costs included on our consolidated balance sheets as properties under development for sale and completed properties for sale was RMB284.7 million and RMB140.7 million, respectively. Please see the section entitled "—Key Factors Affecting Our Results of Operations—Access to and Cost of Financing" in this document.

**Cost of rental income**

Costs related to our rental operations primarily include our maintenance costs for the leased properties developed by us and management fees we pay to third parties for the management of our investment properties. The costs of our rental income are recognized as such costs are incurred.

**Cost of construction income**

Costs related to our construction contracts segment primarily consist of construction materials and labor.

***Gross Profit***

Gross profit represents turnover less direct costs. We believe that we were able to achieve our gross profit margins during the Track Record Period primarily because (i) we followed a careful project selection and land acquisition process to acquire competitively priced land and (ii) we acted as general contractor for a majority of our projects, which helped lower our construction costs.

The table below sets forth our Group's gross profit, gross profit margin and reportable segment profit (adjusted EBITDA) by operating segment for the periods indicated:

| | For the year ended December 31, | | | | | | | | | For the six months ended June 30, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | | 2011 | | | 2012 | | | 2012 | | | 2013 | | |
| | Gross profit | Gross profit margin | Reportable profit (adjusted EBITDA)(1) | Gross profit | Gross profit margin | Reportable profit (adjusted EBITDA)(1) | Gross profit | Gross profit margin | Reportable profit (adjusted EBITDA)(1) | Gross profit | Gross profit margin | Reportable profit (adjusted EBITDA)(1) | Gross profit | Gross profit margin | Reportable profit (adjusted EBITDA)(1) |
| | *RMB'000* | *%* | *RMB'000* | *RMB'000* | *%* | *RMB'000* | *RMB'000* | *%* | *RMB'000* | *RMB'000* *(Unaudited)* | *%* | *RMB'000* *(Unaudited)* | *RMB'000* | *%* | *RMB'000* |
| Sales of properties . | 724,039 | 28.8% | 587,541 | 1,327,527 | 41.8% | 1,098,146 | 2,471,168 | 39.2% | 2,114,429 | 587,917 | 40.0 | 458,741 | 945,382 | 31.9% | 753,120 |
| Rental income . . . | 1,166 | 80.9% | 1,165 | 25,635 | 99.8% | 25,634 | 54,165 | 97.8% | 54,165 | 28,280 | 97.7 | 28,280 | 28,068 | 98.1% | 28,068 |
| Construction income . . . | 55,988 | 16.7% | 40,774 | 32,311 | 13.0% | (23,220) | 34,968 | 14.8% | 10,874 | 8,422 | 12.3 | 4,126 | 51,751 | 15.4% | 27,100 |
| Total . . . . . . | 781,193 | 27.4% | 629,480 | 1,385,473 | 40.2% | 1,100,560 | 2,560,301 | 38.9% | 2,179,468 | 624,619 | 39.9% | 491,147 | 1,025,201 | 30.8% | 808,288 |

*Note:*

(1) The measure used for reporting segment profit is "adjusted EBITDA," i.e., adjusted earnings before interest, taxes, depreciation and amortization. To arrive at "adjusted EBITDA," inter-segment revenue is first deducted, and the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

### *Other Revenue*

Other revenue primarily consists of bank interest income, government subsidies (which, during the Track Record Period, primarily consisted of one-off subsidies received from the local government in Nanning to encourage property development activities), forfeited deposits and design fee income.

### *Other Net (Loss)/Income*

During the Track Record Period, other net (loss)/income primarily consisted of net losses and gains on the disposal of fixed assets.

### *Selling and Marketing Expenses*

Selling and marketing expenses primarily consist of the rental expenses for our sales offices, selling and marketing staff costs (which include salaries and benefits), the property management expenses of our sales offices, advertising and promotional expenses, commissions paid to external sales agents and other selling and marketing expenses.

### *Administrative Expenses*

Administrative expenses consist of the components set forth in the table below, which includes a breakdown of our administrative expenses for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Staff costs | 54,500 | 102,849 | 137,446 | 68,626 | 88,514 |
| Directors' emoluments | 2,818 | 5,235 | 6,856 | 2,767 | 3,501 |
| Auditors' remuneration | 1,021 | 1,664 | 3,550 | 841 | 1,080 |
| Bank charges | 3,112 | 4,174 | 4,289 | 1,916 | 4,505 |
| Consultancy fee | 1,822 | 5,580 | 5,624 | 1,355 | 10,712 |
| Depreciation | 6,778 | 9,214 | 15,138 | 6,247 | 8,497 |
| Donations | 895 | 267 | 1,558 | 1,500 | 3,731 |
| Other taxes and levies | 3,999 | 8,134 | 8,446 | 3,372 | 7,755 |
| Operating lease expenses | 6,858 | 4,437 | 9,702 | 5,049 | 5,096 |
| Office expenses | 5,654 | 12,165 | 18,516 | 8,363 | 12,385 |
| Entertainment | 5,394 | 10,305 | 11,174 | 3,588 | 12,805 |
| Traveling | 6,151 | 13,758 | 11,811 | 5,735 | 5,110 |
| Repair and maintenance | 666 | 1,022 | 4,836 | 1,345 | 3,486 |
| Telecommunications | 1,746 | 3,594 | 3,647 | 1,447 | 1,452 |
| Utilities | 780 | 1,206 | 3,141 | 985 | 552 |
| Motor vehicle expenses | 3,040 | 5,286 | 6,110 | 2,553 | 2,882 |
| Others | 18,474 | 18,716 | 28,215 | 7,087 | 12,495 |
| | 123,708 | 207,606 | 280,059 | 122,776 | 184,558 |

During the Track Record Period, our administrative expenses generally increased in line with the growth of our business.

### *Net Increase in Fair Value of Investment Properties*

We adopted the income capitalization method for the valuation of our completed investment properties by capitalizing the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The investment properties under development have been valued on the basis that the properties will be developed and completed in accordance with our development plans. For our investment properties under development, we have adopted the direct comparison approach, which makes references to comparable sales evidence as available in the relevant market, with adjustments for development costs to be expended to complete the properties. The table below sets forth the key assumptions used for valuing our investment properties for the periods indicated:

| | Key Assumptions | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Approximate market monthly rental rate | | | | | Capitalization rate | | | | |
| | For the year ended December 31, | | | For the six months ended June 30, | | For the year ended December 31, | | | For the six months ended June 30, | |
| | 2010 | 2011 | 2012 | 2012 | 2013 | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *(RMB/sq.m.)* | *(RMB/sq.m.)* | *(RMB/sq.m.)* | *(RMB/sq.m.)* | *(RMB/sq.m.)* | | | | | |
| **Completed investment properties** | | | | | | | | | | |
| Provence(4) | | | | | | | | | | |
| Phase 2 —ancillary retail units . . . . . . . . | 56-74 | 60-80 | 84-112 | 75-100 | 84-112 | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Phase 5— kindergarten . . . . . . | — | 33 | 33 | 33 | 33 | — | 6.0% | 6.0% | 6.0% | 6.0% |
| Landscape Residence(5) . . . | 79-121 | 84-129 | 86-132 | 84-129 | 88-135 | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Logan Century Center(6) | | | | | | | | | | |
| High-rise office buildings and ancillary retail units . . . . . . . . . . . | 117-129 | 195-215 | 238-264 | 220-244 | 238-264 | 4.25%-4.5% | 4.25%-4.5% | 4.25%-4.5% | 4.25%-4.5% | 4.25%-4.5% |
| Shenzhen Sky Palace (Phase 1)(7) . . . . . . . . . . | 170 | 177 | 230 | 196 | 230 | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Logan City (Phase 1— Group 2)(8) . . . . . . . . . . . | — | — | 51-79 | — | 53-81 | — | — | 6.0% | — (1) | 6.0% |
| Seaward Sunshine— Commercial Building(9) . . . . . . . . . . . | — | — | 105-176 | — | 111-185 | — | — | 5.0% | — (2) | 5.0% |
| Easy Life(10) . . . . . . . . . . . | — | — | 250 | — | 250 | — | — | 6.0% | — (2) | 6.0% |

| | Unit rate(3) | | | | |
|---|---|---|---|---|---|
| | For the year ended December 31, | | | For the six months ended June 30, | |
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *(RMB/sq.m.)* | *(RMB/sq.m.)* | *(RMB/sq.m.)* | *(RMB/sq.m.)* | *(RMB/sq.m.)* |
| **Investment properties under development** | | | | | |
| Logan City(11) | | | | | |
| Phase 1—Group 1—Ancillary Entertainment Building . . . . . . . . . . . . . | 11,000 | 13,500 | 16,500 | 15,500 | 16,500 |
| Phase 1—Group 2 . . . . . . . . . . . . . . . . . . . | 8,200 | 9,800 | — | 11,000 | — |
| Nanning Grand Riverside Bay (Phase 1— Under Development Portion and Phase 2)(12) . . . . . . . . . . . . . . . . . . . . . . . . . . | 8,500 | 9,400 | 15,000 | 13,000 | 17,000 |

*Notes:*

(1) The construction of Logan City (Phase 1—Group 2) was completed in December 2012.

(2) Seaward Sunshine—Commercial Building and Easy Life did not have investment properties in the first half of 2012.

(3) Unit rates are assumed on the basis that the properties had been completed as of the dates indicated.

(4) In undertaking its valuation, DTZ Debenham Tie Leung Limited ("DTZ"), an independent property valuer, has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail

premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB50 per sq.m. to RMB100 per sq.m., RMB50 per sq.m. to RMB100 per sq.m., RMB67 per sq.m. to RMB130 per sq.m., RMB50 per sq.m. to RMB100 per sq.m. and RMB67 per sq.m. to RMB130 per sq.m., respectively. The monthly rental rates of such leasing evidence of kindergarten premises gathered for valuation of the property in 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB30 per sq.m. to RMB36 per sq.m., RMB30 per sq.m. to RMB36 per sq.m., RMB30 per sq.m. to RMB36 per sq.m. and RMB30 per sq.m. to RMB36 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.7% to 6.5% for retail premises. DTZ adopted the same capitalization rate for the retail portion and kindergarten portion of the property as both of these portions are ancillary units within the development.

(5) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB75 per sq.m. to RMB124 per sq.m., RMB80 per sq.m. to RMB150 per sq.m., RMB80 per sq.m. to RMB153 per sq.m., RMB80 per sq.m. to RMB150 per sq.m. and RMB85 per sq.m. to RMB152 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.9% to 6.3% for retail premises.

(6) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of office premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB80 per sq.m. to RMB185 per sq.m., RMB190 per sq.m. to RMB230 per sq.m., RMB240 per sq.m. to RMB280 per sq.m., RMB190 per sq.m. to RMB230 per sq.m. and RMB210 per sq.m. to RMB280 per sq.m., respectively. The monthly rental rates of such leasing evidence of retail premises in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB107 per sq.m. to RMB130 per sq.m., RMB148 per sq.m. to RMB260 per sq.m., RMB260 per sq.m. to RMB300 per sq.m., RMB148 per sq.m. to RMB260 per sq.m. and RMB240 per sq.m. to RMB350 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 3.9% to 4.2% for office premises and 4.2% to 4.8% for retail premises.

(7) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB164 per sq.m. to RMB212 per sq.m., RMB148 per sq.m. to RMB230 per sq.m., RMB260 per sq.m. to RMB300 per sq.m., RMB148 per sq.m. to RMB230 per sq.m. and RMB200 per sq.m. to RMB350 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 4.8% to 5.1% for retail premises.

(8) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2012 and for the six months ended June 30, 2013 range from approximately RMB30 per sq.m. to RMB81 per sq.m. and RMB30 per sq.m. to RMB81 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.6% to 6% for retail premises.

(9) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2012 and for the six months ended June 30, 2013 range from approximately RMB120 per sq.m. to RMB200 per sq.m. and RMB110 per sq.m. to RMB220 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 4.6% to 5.5% for retail premises.

(10) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2012 and for the six months ended June 30, 2013 range from approximately RMB200 per sq.m. to RMB280 per sq.m. and RMB250 per sq.m. to RMB280 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.9% to 6% for retail premises.

(11) In undertaking its valuation, DTZ has made references to available information regarding sales evidence in the relevant market. The price of such sales evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from RMB8,000 per sq.m. to RMB13,100 per sq.m., RMB6,800 per sq.m. to RMB15,900 per sq.m., RMB13,000 per sq.m. to RMB25,000 per sq.m., RMB6,800 per sq.m. to RMB15,900 per sq.m. and RMB13,000 per sq.m. to RMB25,000 per sq.m., respectively.

(12) In undertaking its valuation, DTZ has made references to available information regarding sales evidence in the relevant market. The price of such sales evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from RMB11,700 per sq.m. to RMB12,300 per sq.m., RMB12,000 per sq.m. to RMB18,000 per sq.m., RMB15,000 per sq.m. to RMB21,600 per sq.m., RMB12,000 per sq.m. to RMB18,000 per sq.m. and RMB15,000 per sq.m. to RMB21,600 per sq.m., respectively.

Based on the foregoing, we have been advised by DTZ that it believes that (i) the market monthly rental rate assumptions used are reasonable and consistent with the information on leasing rates in the relevant markets (which DTZ has collected and analyzed and, with respect to which, it has made certain adjustments), (ii) the capitalization rate assumptions are reasonable considering the information available with respect to the capitalization rates of comparable properties which DTZ collected and analyzed after due adjustments, and (iii) the unit rate assumptions are reasonable and consistent with sales evidence of retail premises which DTZ collected and analyzed after due adjustments.

The table below sets forth a breakdown of the GFA and fair value of our investment properties by project as of the dates indicated:

| | As of December 31, | | | As of June 30, | As of December 31, | | | As of June 30, |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2010 | 2011 | 2012 | 2013 |
| | *(sq.m)* | *(sq.m)* | *(sq.m)* | *(sq.m)* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Provence | 7,941(1) | 10,655(1) | 10,655(1) | 10,655(1) | 65,000 | 80,000 | 97,000 | 97,000 |
| Landscape Residence | 3,947(1) | 3,947(1) | 3,793(1) | 3,335(1) | 68,000 | 68,000 | 66,000 | 60,000 |
| Shenzhen Sky Palace | 6,922(1) | 6,922(1) | 7,021(1) | 7,021(1) | 270,000 | 280,000 | 368,000 | 368,000 |
| Logan Century Center | 43,408(1) | 42,646(1) | 42,361(1) | 42,361(1) | 1,280,000 | 2,000,000 | 2,380,000 | 2,380,000 |
| Logan City | 33,388(2) | 33,388(2) | 28,615(2) | 27,850(2) | 125,000 | 307,000 | 408,000 | 400,000 |
| Nanning Grand Riverside Bay | 22,369(3) | 22,369(3) | 23,607(3) | 23,607(3) | 84,000 | 140,000 | 290,000 | 340,000 |
| Easy Life | — | — | 543(1) | 543(1) | — | — | 22,000 | 22,000 |
| Seaward Sunshine—Commercial Building | — | — | 3,340(1) | 3,340(1) | — | — | 105,000 | 110,000 |
| Total | 117,975 | 119,927 | 119,935 | 118,712 | 1,892,000 | 2,875,000 | 3,736,000 | 3,777,000 |

*Notes:*

(1) Figures represent GFA of completed investment properties.

(2) As of December 31, 2010, 2011 and 2012 and June 30, 2013, Logan City had completed investment properties of nil, nil 8,665 sq.m. and 7,900 sq.m., respectively, and investment properties under development of 33,388 sq.m., 33,388 sq.m., 19,950 sq.m. and 19,950 sq.m., respectively.

(3) Figures represent GFA of investment properties under development.

During the Track Record Period, increases in the fair value of our investment properties accounted for a significant portion of our profit before taxation. Our results of operations may continue to be affected by adjustments in the estimated fair value of our investment properties. Increases in fair value of investment properties reflect unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations. Please see the section entitled "Risk Factors—Risks relating to Our Business—Changes in the fair value of our investment properties may have a significant impact on our results of operations" in this document.

We recognize changes in the fair value of our investment properties, including investment properties under development, on our consolidated income statements, unless their fair value cannot be reliably determined at that time. Please see the sections entitled "—Critical Accounting Policies—Investment Properties" and "—Key Factors Affecting Our Results of Operations—Changes in Estimated Fair Value of Our Investment Properties" in this document.

The table below sets forth the changes in the fair value of our investment properties during the Track Record Period:

| | Investment properties | Investment properties under development | Sub-total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of valuation | | | |
| As of January 1, 2010 | 274,000 | 711,000 | 985,000 |
| Additions | — | 211,221 | 211,221 |
| Transfer to investment properties | 823,078 | (823,078) | — |
| Transfer to other land and buildings | — | — | — |
| Disposals | — | — | — |
| Surplus on revaluation | 585,922 | 109,857 | 695,779 |
| As of December 31, 2010 and January 1, 2011 | 1,683,000 | 209,000 | 1,892,000 |
| Additions | 20,081 | 133,240 | 153,321 |
| Transfer to investment properties | 172,329 | (172,329) | — |
| Transfer from inventories | 8,938 | — | 8,938 |
| Disposals | (22,268) | — | (22,268) |
| Transfer to non-current assets classified as held for sales | (20,706) | — | (20,706) |
| Surplus on revaluation | 816,626 | 47,089 | 863,715 |
| As of December 31, 2011 and January 1, 2012 | 2,658,000 | 217,000 | 2,875,000 |
| Additions | 9,635 | 41,496 | 51,131 |
| Transfer to investment properties | 138,570 | (138,570) | — |
| Transfer from inventories | 32,477 | — | 32,477 |
| Disposals | (59,260) | — | (59,260) |
| Surplus on revaluation | 766,578 | 70,074 | 836,652 |
| As of December 31, 2012 and January 1, 2013 | 3,546,000 | 190,000 | 3,736,000 |
| Additions | 6,023 | 11,953 | 17,976 |
| Transfer to investment properties | 20,679 | (20,679) | — |
| Disposals | (17,482) | — | (17,482) |
| Surplus on revaluation | 31,780 | 8,726 | 40,506 |
| As of June 30, 2013 | 3,587,000 | 190,000 | 3,777,000 |

The table below sets forth a breakdown of the net changes in the fair value of our investment properties by project for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Provence | 6,000 | 6,062 | 17,000 | 10,000 | — |
| Landscape Residence | 14,130 | — | 271 | (4,000) | 1,661 |
| Shenzhen Sky Palace | 55,000 | 10,000 | 78,365 | 30,000 | — |
| Logan Century Center | 510,792 | 742,893 | 380,000 | 200,000 | — |
| Logan City | 54,140 | 79,456 | 137,312 | 76,465 | 1,564 |
| Nanning Grand Riverside Bay | 55,717 | 25,304 | 129,182 | 83,480 | 32,612 |
| Easy Life | — | — | 19,449 | — | (235) |
| Seaward Sunshine | — | — | 75,073 | — | 4,904 |
| Total | 695,779 | 863,715 | 836,652 | 395,945 | 40,506 |

The relevant deferred tax liability for these fair value gains recognized under income tax expenses was RMB169.3 million, RMB211.6 million, RMB197.8 million and RMB6.8 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. The net increases in fair value of our investment properties (net of deferred tax) represented 56.0%, 51.6%, 35.2% and 7.6% of our profit in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

Pursuant to [●], fair value changes in our investment properties are reflected on our income statement once we determine that the relevant properties are held for investment, regardless of whether they are under development or completed in such period. The increases in fair value of our investment properties during the Track Record Period were mainly due to the continuous improvement of surrounding shopping and community facilities. Our investment properties' fair value also increased as the overall projects progressed towards completion, or as certain phases of them were completed, especially with respect to Logan City and Nanning Grand Riverside Bay. This is primarily due to the direct comparison method adopted for valuing our investment properties under development, which makes adjustments for development costs still to be expended to complete the properties. When such properties move towards completion, the development costs to be expended would decrease, thereby increasing their overall valuation.

The valuation of the investment properties at Logan Century Center had the most significant effect on our net increase in fair value of investment properties during the Track Record Period. Logan Century Center was completed in June 2010, and our net increase in fair value of investment properties attributable to Logan Century Center amounted to RMB510.8 million in 2010. The net increase in fair value of Logan Century Center's investment properties in 2011 was RMB742.9 million, which was primarily due to two subway lines in its vicinity becoming operational in 2011, improving its transportation convenience and the market rental rates in the area. In 2012, a department store in the near Logan Century Center commenced operation, driving up the market rental rates in the region and contributed to the net increase in the fair value of Logan Century Center's investment properties of RMB380.0 million for 2012. Without comparable drivers in the six months ended June 30, 2013, the market rental rates in the vicinity of Logan Century Center did not experience significant changes, and, as a result, investment properties at Logan Century Center did not have an increase in fair value during the same period, leading to a lower net increase in our total fair value of investment properties during the same period.

### *Finance Costs*

Finance costs primarily consist of interest costs net of capitalized borrowing costs relating to properties under development. Not all of the interest costs related to a project can be capitalized. As a result, our finance costs may fluctuate from year to year depending on the level of interest costs that are capitalized within the reporting period as well as the amount of outstanding principal and interest rates. Finance costs also include other borrowing costs which primarily consist of arrangement fees paid in connection with certain of our bank and related party loans. For more information, please see the section entitled "—Description of Selected Income Statement Line Items—Direct Costs—Cost of Properties Sold—Capitalized borrowing costs" in this document.

### *Income Tax*

Our income tax expenses for a given period include provisions made for CIT and LAT during the period and movements in deferred tax assets and liabilities. No provision for Hong Kong profits tax has been made during the Track Record Period as our Group did not generate any assessable profits arising in Hong Kong. Please see the section entitled "—Key Factors Affecting our Results of Operations—Income Tax—CIT" in this document.

The following table sets forth our income tax expense for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Current tax** | | | | | |
| Provision for CIT for the year/period | 190,840 | 305,899 | 454,628 | 109,925 | 170,127 |
| Provision for LAT for the year/period | 62,068 | 138,896 | 334,116 | 70,864 | 102,255 |
| Provision for withholding tax for the year/period | — | 4,500 | — | — | — |
| | 252,908 | 449,295 | 788,744 | 180,789 | 272,382 |
| **Deferred tax** | 108,601 | 112,506 | 169,574 | 71,149 | (16,445) |
| | 361,509 | 561,801 | 958,318 | 251,938 | 255,937 |

***Profit for the Year/Period attributable to Non-controlling Interests***

Non-controlling interests mainly represent the 9% equity interest in Logan Construction held by Logan Real Estate. We had profit attributable to non-controlling interests of RMB13.4 million, RMB15.6 million, RMB22.9 million and RMB6.9 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively, representing 1.4%, 1.2%, 1.3% and 1.6% of our profit in the same periods.

***Exchange Differences on Translation of Financial Statements of Overseas Entities***

The functional currencies of certain of our subsidiaries are currencies other than Renminbi. As of each of the reporting dates, the assets and liabilities of these entities were translated into the presentation currency of our Group, Renminbi, at the exchange rates prevailing at the relevant reporting date, and their income statements were translated into Renminbi at the exchange rates approximating the foreign exchange rates prevailing at the dates of the transactions. The resulting exchange differences are included in the exchange reserve. On disposal of a foreign entity, the cumulative amount recognized in the exchange reserve relating to that particular foreign operation is reclassified from equity to profit or loss.

## SEGMENT REPORTING

Our Group's business is organized into three operating segments, namely property development, property leasing and construction contracts. Our property development segment includes the development and sales of residential properties and retail shops. Our property leasing segment leases office units and retail shops to generate rental income and to hold as investments for long-term capital appreciation. Our construction contracts segment constructs residential and non-residential projects, such as office buildings and public facilities.

The table below sets forth our Group's turnover by operating segment for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Sales of properties | | | | | |
| —Residential | 2,177,054 | 2,840,517 | 5,034,435 | 1,224,728 | 2,604,755 |
| —Retail | 294,066 | 281,085 | 1,072,734 | 231,658 | 231,588 |
| —Others | 44,280 | 51,075 | 189,569 | 12,577 | 131,137 |
| | 2,515,400 | 3,172,677 | 6,296,738 | 1,468,963 | 2,967,480 |
| Rental income | 1,442 | 25,692 | 55,384 | 28,953 | 28,619 |
| Construction income | 334,817 | 249,105 | 235,538 | 68,502 | 336,106 |
| Total | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |

During the Track Record Period, substantially all of our revenue and cash inflow were derived from the property development and construction contract segments. The table below sets forth certain data with respect to our property development segment for the periods indicated which we have derived from our internal records and the Accountants' Report included as Appendix I to this document:

| | As of/for the year ended December 31, | | | As of/for the six months ended |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | June 30, 2013 |
| Receipts in advance (RMB'000) | 2,652,297 | 3,937,220 | 6,360,457 | 8,815,523 |
| Sales of properties recognized (RMB'000) | 2,515,400 | 3,172,677 | 6,296,738 | 2,967,480 |
| Total saleable GFA delivered (sq.m.) | 456,013 | 510,687 | 838,919 | 412,738 |

## SIX MONTHS ENDED JUNE 30, 2013 COMPARED TO SIX MONTHS ENDED JUNE 30, 2012

### *Turnover*

Our turnover increased by RMB1,765.8 million, or 112.7%, to RMB3,332.2 million for the six months ended June 30, 2013 from RMB1,566.4 million for the six months ended June 30, 2012, primarily due to an increase in revenue from the sales of properties as described below, which was in turn primarily due to an increase in total saleable GFA delivered.

The table below sets forth a breakdown of our revenue from the sales of properties, total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

| | For the six months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2012 (Unaudited) | | | 2013 | | |
| | Revenue from the sales of properties | Total saleable GFA delivered | ASP per sq.m.(1) | Revenue from the sales of properties | Total saleable GFA delivered | ASP per sq.m.(1) |
| | *RMB'000* | *sq.m.* | *RMB* | *RMB'000* | *sq.m.* | *RMB* |
| Residential | 1,224,728 | 242,177 | 5,057 | 2,604,755 | 402,547 | 6,471 |
| Retail | 231,658 | 9,152 | 25,315 | 231,588 | 10,191 | 22,725 |
| Others(2) | 12,577 | N/A | N/A | 131,137 | N/A | N/A |
| Total | 1,468,963 | 251,329 | | 2,967,480 | 412,738 | |

*Notes:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

(2) Others include car parks.

The table below sets forth a breakdown of the revenue from the sales of properties by project for the periods indicated:

| | For the six months ended June 30, 2012 (Unaudited) | | | | | For the six months ended June 30, 2013 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Project** | **Revenue from the sales of properties** | **Percentage of revenue from the sales of properties** | **Total saleable GFA delivered** | **No. of car parks sold** | **ASP per sq.m.(1)** | **Revenue from the sales of properties** | **Percentage of revenue from the sales of properties** | **Total saleable GFA delivered** | **No. of car parks sold** | **ASP per sq.m.(1)** |
| | *RMB'000* | *(%)* | *sq.m.* | *Unit* | *RMB* | *RMB'000* | *(%)* | *sq.m.* | *Unit* | *RMB* |
| Grasse Vieille Ville | 67,291 | 4.6 | 12,925 | — | 5,206 | 13,004 | 0.4 | 1,313 | 109 | 4,485 |
| Provence | 237,323 | 16.2 | 35,437 | 120 | 6,394 | 113,481 | 3.8 | 8,436 | 34 | 12,909 |
| Landscape Residence | — | 0.0 | — | — | — | — | 0.0 | — | — | — |
| Fragrant Valley | 81,062 | 5.5 | 6,399 | — | 12,668 | 70,596 | 2.4 | 4,983 | — | 14,167 |
| Palm Waterfront | 118,704 | 8.1 | 17,578 | — | 6,753 | 894,796 | 30.2 | 100,501 | — | 8,903 |
| Huizhou Sky Palace | — | 0.0 | — | — | — | 153,798 | 5.2 | 42,822 | — | 3,592 |
| Sunshine Castle | — | 0.0 | — | — | — | 171,946 | 5.8 | 17,519 | — | 9,815 |
| Easy Life | — | 0.0 | — | — | — | 61,107 | 2.1 | 2,898 | 49 | 18,666 |
| Grand View | 176,467 | 12.0 | 28,986 | — | 6,088 | 167,626 | 5.6 | 21,145 | 44 | 6,633 |
| Imperial Summit Sky Villa | — | 0.0 | — | — | — | — | 0.0 | — | — | — |
| Flying Dragon Garden | 626,863 | 42.7 | 144,132 | — | 4,349 | 89,846 | 3.0 | 1,269 | 773 | 4,815 |
| Nanning Grand Riverside Bay | — | 0.0 | — | — | — | 731,629 | 24.7 | 124,462 | — | 5,878 |
| Seaward Sunshine | — | 0.0 | — | — | — | — | 0.0 | — | — | — |
| Logan City | 30,183 | 2.1 | 2,914 | — | 10,358 | 493,015 | 16.6 | 87,158 | — | 5,657 |
| Shenzhen Sky Palace | 137 | 0.0 | — | 1 | — | — | 0.0 | — | — | — |
| Grand Joy Palace | 9,425 | 0.6 | 492 | 21 | 15,721 | 6,636 | 0.2 | 232 | 17 | 23,034 |
| Logan Century Center | 121,508 | 83 | 2,466 | — | 49,271 | — | 0.0 | — | — | — |
| Total | 1,468,963 | 100.0 | 251,329 | 142 | | 2,967,480 | 100.0 | 412,738 | 1,026 | |

*Note:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Revenue from the sales of properties increased by RMB1,498.5 million, or 102.0%, to RMB2,967.5 million for the six months ended June 30, 2013 from RMB1,469.0 million for the six months ended June 30, 2012, primarily due to the increase in total saleable GFA delivered. The increase in total saleable GFA delivered was primarily attributable to the commencement of deliveries of residential units in Nanning Grand Riverside Bay in the second half of 2012, and the commencement of deliveries of residential units in Huizhou Sky Place and Sunshine Castle in the first half of 2013, and partially offset by a decrease in the residential units delivered in Flying Dragon Garden.

Construction income increased by RMB267.6 million to RMB336.1 million for the six months ended June 30, 2013 from RMB68.5 million for the six months ended June 30, 2012, primarily due to the commencement of construction activities at our related parties' projects in Fangchenggang and Shantou to which we provide construction services. Please see the section entitled "Connected Transactions" in this document.

Rental income decreased slightly by RMB0.4 million, or 1.4%, to RMB28.6 million for the six months ended June 30, 2013 from RMB29.0 million for the six months ended June 30, 2012.

***Direct Costs***

Our direct costs increased by RMB1,365.2 million to RMB2,307.0 million for the six months ended June 30, 2013 from RMB941.8 million for the six months ended June 30, 2012, which was primarily due to (i) an increase in total saleable GFA delivered and (ii) an increase in direct costs for the units delivered.

***Gross Profit***

As a result of the foregoing, our gross profit increased by RMB400.6 million, or 64.1%, to RMB1,025.2 million for the six months ended June 30, 2013 from RMB624.6 million for the six months ended June 30, 2012. Our gross profit margin decreased to 30.8% for the six months ended June 30, 2013 from 39.9% for the six months ended June 30, 2012, primarily attributable to the deliveries of units with lower profit margins in Nanning Grand Riverside Bay in the six months ended June 30, 2013, which accounted for 30.2% of the total saleable GFA delivered during such period, as compared to the deliveries of units with higher profit margins in Provence and Flying Dragon in the six months ended June 30, 2012, which together accounted for 71.4% of the total saleable GFA delivered during such period.

***Other Revenue***

Our other revenue decreased by RMB3.9 million, or 25.8%, to RMB11.3 million for the six months ended June 30, 2013 from RMB15.3 million for the six months ended June 30, 2012, primarily due to a decrease in design fee income by RMB4.5 million to RMB0.8 million for the six months ended June 30, 2013 from RMB5.3 million for the six months ended June 30, 2012 due to the revenue generated from design services we provided to a related party, Guangxi King Kerry, in the six months ended June 30, 2012 in relation to the Fangchenggang Projects being more than the design services revenue generated in the six months ended June 30, 2013, partially offset by an increase in bank interest income by RMB2.5 million to RMB5.3 million for the six months ended June 30, 2013 from RMB2.8 million for the six months ended June 30, 2012.

***Other Net Loss***

Our other net loss amounted to RMB4.9 million for the six months ended June 30, 2013 and a negligible amount for the six months ended June 30, 2012, primarily due to one-off losses on disposal of fixed assets of RMB4.1 million for the six months ended June 30, 2013.

***Selling and Marketing Expenses***

Our selling and marketing expenses increased by RMB66.5 million to RMB125.9 million for the six months ended June 30, 2013 from RMB59.4 million for the six months ended June 30, 2012. This increase was in line with the increase in our turnover from the sales of properties.

***Administrative Expenses***

Our administrative expenses increased by RMB61.8 million, or 50.3%, to RMB184.6 million for the six months ended June 30, 2013 from RMB122.8 million for the six months ended June 30, 2012, primarily due to an increase in our administrative staff costs to support our overall business growth.

### *Net Increase in Fair Value of Investment Properties*

The net increase in fair value of our investment properties amounted to RMB40.5 million for the six months ended June 30, 2013 and RMB395.9 million for the six months ended June 30, 2012. The net increase for the six months ended June 30, 2013 was primarily due to the net increase in the fair value of investment properties in Nanning Grand Riverside Bay.

### *Finance Costs*

Our finance costs decreased by RMB22.8 million, or 26.4%, to RMB63.5 million for the six months ended June 30, 2013 from RMB86.3 million in for the six months ended June 30, 2012, primarily due to the refinancing of our previous offshore borrowings through the Hang Seng Bank Facility Agreements, which had lower interest rates than the refinanced borrowings, during the six months ended June 30, 2013.

### *Profit before Taxation*

As a result of the foregoing, our profit before taxation decreased by RMB69.2 million, or 9.0%, to RMB698.2 million for the six months ended June 30, 2013 from RMB767.4 million for the six months ended June 30, 2012.

### *Income Tax*

Our income tax increased by RMB4.0 million, or 1.6%, to RMB255.9 million for the six months ended June 30, 2013 from RMB251.9 million for the six months ended June 30, 2012, primarily due to an increase in our profit before tax generated by our sales of properties and construction income segments.

### *Profit for the Period*

As a result of the foregoing, our profit for the period decreased by RMB73.1 million, or 14.2%, to RMB442.3 million for the six months ended June 30, 2013 from RMB515.4 million for the six months ended June 30, 2012.

## 2012 COMPARED TO 2011

### *Turnover*

Our turnover increased by RMB3,140.2 million, or 91.1%, to RMB6,587.7 million in 2012 from RMB3,447.5 million in 2011, primarily due to an increase in revenue from the sales of properties as described below, which was in turn primarily due to an increase in total saleable GFA delivered.

The table below sets forth a breakdown of our revenue from the sales of properties, total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | | 2012 | | |
| | Revenue from the sales of properties | Total saleable GFA delivered | ASP per sq.m.(1) | Revenue from the sales of properties | Total saleable GFA delivered | ASP per sq.m.(1) |
| | *RMB'000* | *sq.m.* | *RMB* | *RMB'000* | *sq.m.* | *RMB* |
| Residential | 2,840,517 | 502,460 | 5,653 | 5,034,435 | 813,622 | 6,188 |
| Retail | 281,085 | 8,227 | 34,166 | 1,072,734 | 25,297 | 42,405 |
| Others(2) | 51,075 | N/A | N/A | 189,569 | N/A | N/A |
| Total | 3,172,677 | 510,687 | | 6,296,738 | 838,919 | |

*Notes:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

(2) Others include car parks.

The table below sets forth a breakdown of the revenue from the sales of properties by project for the periods indicated:

| Project | For the year ended December 31, 2011 | | | | | For the year ended December 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Revenue from the sales of properties | Percentage of revenue from the sales of properties | Total saleable GFA delivered | No. of car parks sold | ASP per sq.m.(1) | Revenue from the sales of properties | Percentage of revenue from the sales of properties | Total saleable GFA delivered | No. of car parks sold | ASP per sq.m.(1) |
| | *RMB'000* | *(%)* | *sq.m.* | *Unit* | *RMB* | *RMB'000* | *(%)* | *sq.m.* | *Unit* | *RMB* |
| Grasse Vieille Ville | 685,442 | 21.6 | 123,119 | — | 5,567 | 117,591 | 1.9 | 20,128 | 251 | 4,952 |
| Provence | 907,560 | 28.6 | 178,471 | 560 | 4,852 | 818,399 | 13.0 | 137,352 | 253 | 5,787 |
| Landscape Residence | 66,707 | 2.1 | 4,262 | — | 15,652 | — | — | — | — | — |
| Fragrant Valley | 211,417 | 6.7 | 14,537 | — | 14,543 | 276,081 | 4.4 | 20,702 | — | 13,336 |
| Palm Waterfront | 326,967 | 10.3 | 54,614 | — | 5,987 | 529,253 | 8.4 | 57,726 | — | 9,168 |
| Easy Life | — | — | — | — | — | 815,471 | 13.0 | 62,798 | 92 | 12,771 |
| Grand View | 548,053 | 17.3 | 89,599 | — | 6,117 | 1,089,911 | 17.3 | 157,264 | 555 | 6,226 |
| Flying Dragon Garden | 170,063 | 5.4 | 37,795 | — | 4,500 | 755,297 | 12.0 | 165,198 | 194 | 4,454 |
| Nanning Grand Riverside Bay | — | — | — | — | — | 398,831 | 6.3 | 68,650 | — | 5,810 |
| Logan City | 14,140 | 0.4 | 1,440 | — | 9,821 | 754,447 | 12.0 | 138,916 | — | 5,431 |
| Shenzhen Sky Palace | 755 | 0.0 | — | 6 | — | 954 | 0.0 | — | 8 | — |
| Grand Joy Palace | 76,008 | 2.4 | 4,276 | 101 | 15,726 | 21,765 | 0.3 | 1,059 | 46 | 17,156 |
| Logan Century Center | 165,565 | 5.2 | 2,574 | — | 64,331 | 718,738 | 11.4 | 9,126 | — | 78,754 |
| Total | 3,172,677 | 100.0 | 510,687 | 667 | | 6,296,738 | 100.0 | 838,919 | 1,399 | |

*Note:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Revenue from the sales of properties increased by RMB3,124.0 million, or 98.5%, to RMB6,296.7 million in 2012 from RMB3,172.7 million in 2011, primarily due to the increase in total saleable GFA delivered.

The increase in total saleable GFA delivered was primarily attributable to the commencement of deliveries of residential units in Flying Dragon Garden, Grand View, Easy Life and Palm Waterfront, and partially offset by the decrease in deliveries of units in Grasse Vieille Ville and Provence.

Rental income increased by RMB29.7 million, or 115.6%, to RMB55.4 million in 2012 from RMB25.7 million in 2011, primarily attributable to the lease of office space in Logan Century Center to Shenzhen Tencent Computer System Co., Ltd., which commenced in 2011 and is expected to expire in 2016.

Construction income decreased by RMB13.6 million, or 5.5%, to RMB235.5 million in 2012 from RMB249.1 million in 2011, primarily due to the completion of the construction of Peach Blossom Bay in 2011.

***Direct Costs***

Our direct costs increased by RMB1,965.4 million, or 95.3%, to RMB4,027.4 million in 2012 from RMB2,062.0 million in 2011, which was in line with the increase in revenue from the sales of properties.

***Gross Profit***

As a result of the foregoing, our gross profit increased by RMB1,174.8 million, or 84.8%, to RMB2,560.3 million in 2012 from RMB1,385.5 million in 2011. Our gross profit margin decreased slightly to 38.9% in 2012 from 40.2% in 2011, primarily attributable to our sales of properties with relatively low profit margins in 2012, such as Grand View.

***Other Revenue***

Our other revenue increased by RMB17.0 million, or 101.2%, to RMB33.8 million in 2012 from RMB16.8 million in 2011, primarily due to (i) an increase in design fee income by RMB7.6 million to RMB9.1 million in 2012 from RMB1.4 million in 2011 in connection with the design services we provided primarily in relation to the Fangchenggang Projects, (ii) an increase in forfeited deposits by RMB5.7 million to RMB7.9 million in 2012 from RMB2.1 million in 2011, which was primarily due to the forfeiture of deposits by potential purchasers with whom we had not yet entered into sales contracts before pre-sales commenced as a result of their inability to obtain mortgage loans because of banks' increasing scrutiny of mortgage applications and (iii) construction management service income of RMB2.9 million in relation to the Fangchenggang Projects. For more information regarding services we provide in relation to the Fangchenggang Projects, see the section entitled "Connected Transactions" in this document.

***Other Net Income***

Our other net income amounted to RMB0.5 million in 2012 and RMB11.3 million in 2011, primarily due to one-off gains on the disposal of certain commercial units in Logan Century Center in 2011.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by RMB57.2 million, or 38.6%, to RMB205.7 million in 2012 from RMB148.5 million in 2011. This increase was in line with the increase in turnover from the sales of properties.

### *Administrative Expenses*

Our administrative expenses increased by RMB72.5 million, or 34.9%, to RMB280.1 million in 2012 from RMB207.6 million in 2011, primarily due to an increase in our salary expenses as we increased our administrative headcount in connection with the expansion of our operations.

### *Net Increase in Fair Value of Investment Properties*

The net increase in fair value of our investment properties amounted to RMB836.7 million in 2012 and RMB863.7 million in 2011. The increase in 2012 was primarily due to the continuous improvement of shopping and community facilities in the relevant properties, and certain phases of Logan City and Nanning Grand Riverside Bay being completed.

### *Finance Costs*

Our finance costs increased by RMB73.9 million, or 76.7%, to RMB170.2 million in 2012 from RMB96.3 million in 2011, primarily due to the interest on certain project loans ceasing to be capitalized following the completion of the relevant property projects and the interest of overseas loan not being capitalized.

### *Profit before Taxation*

As a result of the foregoing, our profit before taxation increased by RMB950.3 million, or 52.1%, to RMB2,775.3 million in 2012 from RMB1,825.0 million in 2011.

### *Income Tax*

Our income tax increased by RMB396.5 million, or 70.6%, to RMB958.3 million in 2012 from RMB561.8 million in 2011, primarily due to increases in revenue from the sales of properties and profit from the properties we delivered, which contributed to an increase in our provisions for CIT and LAT.

### *Profit for the Year*

As a result of the foregoing, our profit for the year increased by RMB553.8 million, or 43.8%, to a profit for the year of RMB1,817.0 million in 2012 from profit for the year of RMB1,263.1 million in 2011.

## 2011 COMPARED TO 2010

### *Turnover*

Our turnover increased by RMB595.8 million, or 20.9%, to RMB3,447.5 million in 2011 from RMB2,851.7 million in 2010, primarily due to an increase in revenue from the sales of properties as described below, which was in turn primarily due to increases in the total saleable GFA delivered and ASP per sq.m. sold. The table below sets forth a breakdown of our revenue from the sales of properties, total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2010 | | | 2011 | | |
| | Revenue from the sales of properties | Total saleable GFA delivered | ASP per sq.m.(1) | Revenue from the sales of properties | Total saleable GFA delivered | ASP per sq.m.(1) |
| | *RMB'000* | *sq.m.* | *RMB* | *RMB'000* | *sq.m.* | *RMB* |
| Residential | 2,177,054 | 438,628 | 4,963 | 2,840,517 | 502,460 | 5,653 |
| Retail | 294,066 | 17,385 | 16,914 | 281,085 | 8,227 | 34,166 |
| Others(2) | 44,280 | N/A | N/A | 51,075 | N/A | N/A |
| Total | 2,515,400 | 456,013 | | 3,172,677 | 510,687 | |

*Notes:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

(2) Others include car parks.

The table below sets forth a breakdown of the revenue from the sales of properties by project for the periods indicated:

| Project | For the year ended December 31, 2010 | | | | | For the year ended December 31, 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Revenue from the sales of properties | Percentage of revenue from the sales of properties | Total saleable GFA delivered | No. of car parks sold | ASP per sq.m.(1) | Revenue from the sales of properties | Percentage of revenue from the sales of properties | Total saleable GFA delivered | No. of car parks sold | ASP per sq.m.(1) |
| | *RMB'000* | *(%)* | *sq.m.* | *Unit* | *RMB* | *RMB'000* | *(%)* | *sq.m.* | *Unit* | *RMB* |
| Grasse Vieille Ville | 290,671 | 11.6 | 68,101 | — | 4,269 | 685,442 | 21.6 | 123,119 | — | 5,567 |
| Provence | 690,333 | 27.4 | 171,519 | 422 | 3,836 | 907,560 | 28.6 | 178,471 | 560 | 4,852 |
| Landscape Residence | 429,454 | 17.1 | 111,302 | — | 3,858 | 66,707 | 2.1 | 4,262 | — | 15,652 |
| Fragrant Valley | — | — | — | — | — | 211,417 | 6.7 | 14,537 | — | 14,543 |
| Palm Waterfront | — | — | — | — | — | 326,967 | 10.3 | 54,614 | — | 5,987 |
| Grand View | — | — | — | — | — | 548,053 | 17.3 | 89,599 | — | 6,117 |
| Flying Dragon Garden | — | — | — | — | — | 170,063 | 5.4 | 37,795 | — | 4,500 |
| Logan City | — | — | — | — | — | 14,140 | 0.4 | 1,440 | — | 9,821 |
| Shenzhen Sky Palace | 3,231 | 0.1 | — | 28 | — | 755 | 0.0 | — | 6 | — |
| Grand Joy Palace | 1,101,711 | 43.8 | 105,091 | 102 | 10,401 | 76,008 | 2.4 | 4,276 | 101 | 15,726 |
| Logan Century Center | — | — | — | — | — | 165,565 | 5.2 | 2,574 | — | 64,331 |
| Total | 2,515,400 | 100.0 | 456,013 | 552 | | 3,172,677 | 100.0 | 510,687 | 667 | |

*Note:*

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Revenue from the sales of properties increased by RMB657.3 million, or 26.1%, to RMB3,172.7 million in 2011 from RMB2,515.4 million in 2010, primarily due to an increase in total saleable GFA delivered and ASP per sq.m. sold.

The increase in total saleable GFA delivered was attributable primarily to an increase in saleable GFA delivered of units in Grasse Vieille Ville and the commencement of deliveries of units in Palm Waterfront, Grand View and Flying Dragon Garden recognized in 2011, partially offset by a decrease in saleable GFA delivered of units in Landscape Residence and Grand Joy Palace.

Rental income increased substantially to RMB25.7 million in 2011 from RMB1.4 million in 2010, primarily attributable to the lease of office space in Logan Century Center to Shenzhen Tencent Computer System Co., Ltd., which commenced in 2011.

Construction income decreased by RMB85.7 million, or 25.6%, to RMB249.1 million in 2011 from RMB334.8 million in 2010, primarily due to the substantial completion of construction activities at Golden Bay Garden, revenue from which is recognized as construction income, as we developed this project for sales to a local government. For further information, please see the section entitled "Business—Our Property Projects—Description of Our Projects—Golden Bay Garden" in this document.

***Direct Costs***

Our direct costs decreased by RMB8.5 million, or 0.4%, to RMB2,062.0 million in 2011 from RMB2,070.5 million in 2010, despite the 20.9% increase in our turnover over the same period. This was primarily due to a substantial portion of total saleable GFA delivered in 2010 consisting of limited-price residential units of Landscape Residence, which have lower gross profit margins, and a greater proportion of total saleable GFA delivered in 2011 consisting of relatively higher profit margin projects, such as Palm Waterfront, Grand View, Flying Dragon Garden and Logan Century Center.

***Gross Profit***

As a result of the foregoing, our gross profit increased by RMB604.3 million, or 77.4%, to RMB1,385.5 million in 2011 from RMB781.2 million in 2010. Our gross profit margin increased to 40.2% in 2011 from 27.4% in 2010, primarily due to the decreasing proportion of our sales of properties arising from deliveries of units in Landscape Residence, which consists of limited-price residential apartments with lower gross profit margins.

***Other Revenue***

Our other revenue increased by RMB0.6 million, or 3.9%, to RMB16.8 million in 2011 from RMB16.2 million in 2010.

***Other Net (Loss)/Income***

We recorded other net income of RMB11.3 million in 2011 and other net loss of RMB0.2 million in 2010, primarily due to gains on the disposal of certain commercial units in Logan Century Center in 2011.

***Selling and Marketing Expenses***

Our selling and marketing expenses increased by RMB85.4 million, or 135.4%, to RMB148.5 million in 2011 from RMB63.1 million in 2010. This increase was primarily attributable to increased selling and marketing expenses with respect to Flying Dragon Garden, Logan City and Logan Century Center.

***Administrative Expenses***

Our administrative expenses increased by RMB83.9 million, or 67.8%, to RMB207.6 million in 2011 from RMB123.7 million in 2010, primarily due to an increase in our salary expenses as we increased our administrative headcount in connection with the expansion of our operations.

***Net Increase in Fair Value of Investment Properties***

The net increase in the fair value of our investment properties amounted to RMB863.7 million in 2011 and RMB695.8 million in 2010. This increase in 2011 was primarily attributable to two subway lines in the vicinity of Logan Century Center becoming operational, improving its transportation convenience.

***Finance Costs***

Our finance costs increased significantly by RMB91.2 million to RMB96.3 million in 2011 from RMB5.0 million in 2010, primarily due to the interest on certain project loans ceasing to be capitalized following the completion of the relevant property projects, as well as the interest on a bank loan in connection with the acquisition of Shenzhen Youkaisi as part of the Reorganization, as further described in the section entitled "History and Reorganization" in this document.

***Profit before Taxation***

As a result of the foregoing, our profit before taxation increased by RMB523.9 million, or 40.3%, to RMB1,825.0 million in 2011 from RMB1,301.1 million in 2010.

***Income Tax***

Our income tax increased by RMB200.3 million, or 55.4%, to RMB561.8 million in 2011 from RMB361.5 million in 2010, primarily due to increases in revenue from the sales of properties and the corresponding profit before taxation, which contributed to an increase in our provisions for CIT and LAT.

***Profit for the Year***

As a result of the foregoing, our profit for the year increased by RMB323.6 million, or 34.4%, to RMB1,263.2 million in 2011 from RMB939.6 million in 2010.

## DESCRIPTION OF SELECTED CONSOLIDATED BALANCE SHEET ITEMS

### *Trade and Other Receivables*

The table below sets forth a breakdown of our trade and other receivables as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 2,060 | 165,466 | 171,860 | 228,207 |
| Amounts due from customers for contract work | 254,598 | — | — | — |
| Prepayments and other receivables | 318,796 | 372,726 | 468,884 | 567,903 |
| Land deposits | 588,694 | — | 1,095,576 | 846,366 |
| Amounts due from related companies[(1)] | 61,384 | 178,977 | 152,770 | 172,087 |
| Total | 1,225,532 | 717,169 | 1,889,090 | 1,814,563 |

*Note:*

(1) The amounts due from related companies are interest-free, unsecured and recoverable on demand.

Our trade receivables and amounts due from customers for contract work primarily relate to (i) construction services provided by our subsidiary, Logan Construction, as general contractor for various projects for our related companies and external customers and (ii) outstanding purchase price for our properties. Our construction customers in general pay us in installments, and each installment generally becomes payable within 30 days upon the construction work reaching a specified performance benchmark. Value of construction work performed before reaching a performance benchmark is recorded as amounts due from customers for contract work, while trade receivables represent amounts due from our construction customers under installment invoices in relation to the satisfaction of performance benchmarks. Our trade receivables increased to RMB165.5 million as of December 31, 2011 from RMB2.1 million as of December 31, 2010, primarily due to the receivable of RMB149.8 million under a contract with the Daya Bay Relocation Office relating to Golden Bay Garden, which we agreed to develop for sale solely to the Daya Bay Relocation Office. As of June 30, 2013, RMB9.8 million of such RMB149.8 million remained outstanding, and as we have been in active settlement procedures with the Daya Bay Relocation Office, we believe that we will be able to collect such outstanding receivables from the Daya Bay Relocation Office, a governmental entity. Our trade receivables increased to RMB171.9 million as of December 31, 2012 from RMB 165.5 million as of December 31, 2011, primarily due to outstanding purchase price for properties at Logan City. Since the last quarter of 2012, banks in Huizhou started tightening their practice of releasing mortgage amounts to reduce their credit exposure. Although those banks had entered into mortgage loan agreements with purchasers of properties at Logan City, they requested delays to release the mortgage amounts to our Group to settle the outstanding property sales proceeds. Given those banks are with sound credit ratings (mainly China Construction Bank, Industrial and Commercial Bank of China and Agricultural Bank of China), have a good track record of trading with our Group and have no recent history of default, we selectively extended our credit terms for them. Such receivables amounted to RMB144.7 million as of December 31, 2012, and 88.5% of which had been settled as of June 30, 2013. Our trade receivables increased to RMB228.2 million as of June 30, 2013 from RMB171.9 million as of December 31, 2012, primarily due to outstanding purchase price for Logan City as we continued our practice to selectively extend credit terms to banks. Our amounts due from customers for contract work as of December 31, 2010 primarily consisted of amounts due under the contract relating to Golden Bay Garden before our construction reached the specified performance benchmark. For more information on our agreement to develop Golden Bay Garden, see the section entitled "Business—Our Property Projects—Description of Our Projects—Golden Bay Garden" in this document.

Our trade receivables turnover days were 1.1 days, 8.9 days, 9.4 days and 10.9 days in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We calculate the trade receivables turnover days by first averaging the trade receivables as of the beginning and as of the end of a particular period, dividing such average by the turnover during such period, and multiplying by the number of days for the relevant period (365 days for each of 2010, 2011 and 2012 and 181 days for the six months ended June 30, 2013). Our trade receivables turnover days increased throughout the Track Record Period primarily due to an increase in average balance of trade receivables during the Track Record Period for reasons discussed above. The following is an aging analysis of trade receivables of our Group based on the invoice date as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Current or less than one month overdue | 2,060 | 165,466 | 162,076 | 197,710 |
| More than one month overdue and up to three months overdue | — | — | — | — |
| More than three months overdue and up to six months overdue | — | — | — | — |
| More than six months overdue and up to one year overdue | — | — | — | 20,713 |
| More than one year overdue | — | — | 9,784 | 9,784 |
| | 2,060 | 165,466 | 171,860 | 228,207 |

As of October 31, 2013, approximately 28.4% of our trade receivables as of June 30, 2013 had been settled.

Our prepayments and other receivables increased to RMB372.7 million as of December 31, 2011 from RMB318.8 million as of December 31, 2010 due to the increase in prepayments of sales and other taxes, in line with increased sales during 2011. Our prepayments and other receivables increased to RMB468.9 million as of December 31, 2012 from RMB372.7 million as of December 31, 2011 as a result of increased sales and refundable land auction deposits in 2012. Our prepayments and other receivables increased to RMB567.9 million as of June 30, 2013 from RMB468.9 million as of December 31, 2012, primarily due to the increase in prepayments of sales and other taxes.

As of December 31, 2011, our land deposits decreased to nil because we received all parcels of land for which we had paid land deposits. As of December 31, 2012, our land deposits increased to RMB1,095.6 million due to our payment of land deposits for the acquisition of four parcels of land in 2012, which was completed in the six months ended June 30, 2013. As of June 30, 2013, our land deposits amounted to RMB846.4 million due to our payment of land deposits for the acquisition of two parcels of land in the first half of 2013.

Our amounts due from related companies increased to RMB179.0 million as of December 31, 2011 from RMB61.4 million as of December 31, 2010 primarily because of new advances we extended to Nanning Logan Century Property Co., Ltd. and Huizhou Daya Bay Investment Co., Ltd. Our amounts due from related companies decreased to RMB152.8 million as of December 31, 2012 from RMB179.0 million as of December 31, 2011 because of repayments by the relevant related companies in 2012. Our amounts due from related companies increased to RMB172.1 million as of June 30, 2013 from RMB152.8 million as of December 31, 2012, primarily due to the construction services we provided in relation to the Fangchenggang Projects. These amounts were attributable to Logan Construction, our construction subsidiary, which acted as general contractor for various of our predecessors' businesses for the construction of non-residential projects, such as public facilities, including schools and hospitals, during the Track Record Period. For further details, please see the section entitled "Business—Construction Business" in this document.

***Trade and Other Payables***

Trade and other payables consist of the amounts set forth in the table below, which includes a breakdown of our trade and other payables as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 778,055 | 1,298,088 | 1,787,644 | 1,891,182 |
| Other payables and accrued charges | 209,173 | 528,499 | 355,078 | 286,544 |
| Customer deposits received | 257,565 | 29,743 | 3,918 | 31,498 |
| Rental and other deposits received | 75 | 8,537 | 9,864 | 9,475 |
| Receipts in advance | 2,652,297 | 3,937,220 | 6,360,457 | 8,815,523 |
| Deposits for sales of investment properties | — | 14,386 | — | — |
| Other loans(1) | 302,050 | 288,596 | 604,096 | 695,000 |
| Amounts due to related companies(2) | 865,800 | 1,598,885 | 1,388,076 | 269,343 |
| Amounts due to related parties(2) | 4,680 | 17,431 | — | — |
| Amounts due to a non-controlling shareholder(2) | — | — | 56,827 | 56,827 |
| Amounts due to Ms. Kei(2) | 10,211 | 9,728 | — | — |
| Amount due to Mr. Ji(2) | — | 11,998 | — | 7 |
| Total | 5,079,906 | 7,743,111 | 10,565,960 | 12,055,399 |

*Notes:*

(1) For more information about our other loans, see the section entitled "—Indebtedness and Contingent Liabilities—Borrowings" in this document.

(2) The amounts due to related companies, related parties, a non-controlling shareholder, Ms. Kei and Mr. Ji at the relevant dates were interest-free and unsecured obligations and repayable by us on demand.

Trade payables mainly represent payables to our suppliers, which are generally construction material suppliers, equipment suppliers and construction contractors or subcontractors. Our suppliers typically grant us credit terms between 30 to 180 days. In addition, we generally retain 5% of the contracted amounts at contract completion for quality assurance purpose. We are entitled to deduct from such amount if we find defects within a specified period, which can be up to 24 months, and after such period expires we remit the remaining amount to our suppliers. Our trade payables grew during the Track Record Period due to our overall business growth. Our trade payables turnover days were 100.6 days, 183.8 days, 140.0 days and 144.3 days in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. We calculate the trade payables turnover days by first averaging the trade payables as of the beginning and as of the end of a particular period, dividing such average by the direct cost during such period, and multiplying by the number of days for the relevant period (365 days for each of 2010, 2011 and 2012 and 181 days for the six months ended June 30, 2013). Approximately 9.6% of our trade payables which were outstanding as of June 30, 2013 had been settled as of the Latest Practicable Date.

Customer deposits received represent deposits received from potential purchasers with whom we have not yet entered into sales contracts before pre-sales commenced. Customer deposits received decreased significantly from RMB257.6 million as of December 31, 2010 to RMB29.7 million as of December 31, 2011, as the deposits from potential purchasers of units in the property were transferred from customer deposits received to receipts in advance when they executed sales contracts. Customer deposits received decreased significantly from RMB29.7 million as of December 31, 2011 to RMB3.9 million as of December 31, 2012 primarily due to the increase in execution of sales contracts. Customer deposits received increased significantly to RMB31.5 million as of June 30, 2013 from RMB3.9 million as of December 31, 2012, primarily due to customer deposits received in relation to Seaward Sunshine.

Receipts in advance represent deposits received from potential purchasers with whom we have entered into sales contracts after pre-sales commenced. Receipts in advance as of December 31, 2010 and 2011 primarily consisted of pre-sales of units in Provence. Receipts in advance of RMB6,360.5 million as of December 31, 2012 primarily consisted of pre-sales of units in Seaward Sunshine and Provence. Receipts in advance of RMB8,815.5 million as of June 30, 2013 primarily consisted of pre-sales of units in Seaward Sunshine and Provence.

Amounts due to related companies decreased to RMB269.3 million as of June 30, 2013 from RMB1,388.1 million as of December 31, 2012, primarily due to our repayment of amounts due to related companies in the first half of 2013 funded by our internally generated cash and our borrowings under PRC bank loans.

Amounts due to a non-controlling shareholder of RMB56.8 million as of June 30, 2013 consisted of amounts due to Guangdong Nanhai Luonan Ceramics Enterprises Group (廣東南海羅南陶瓷企業集團), our non-controlling shareholder, which we plan to settle by the end of 2013.

The table below sets forth an aging analysis of our trade payables as of the dates indicated, based on the due dates stated on the relevant invoices:

| | As of December 31, | | | As of June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Less than one month or on demand | 215,513 | 730,173 | 813,305 | 352,629 |
| One to three months | 208,282 | 250,874 | 154,546 | 287,971 |
| Three to six months | 117,258 | 104,748 | 199,980 | 582,507 |
| Six months to one year | 70,879 | 35,945 | 398,355 | 507,944 |
| Over one year | 166,123 | 176,348 | 221,458 | 160,131 |
| Total | 778,055 | 1,298,088 | 1,787,644 | 1,891,182 |

### *Inventories*

The table below sets forth our inventories as of the dates indicated:

| | As of December 31, | | | As of June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Construction** | | | | |
| Raw materials | 29,054 | 10,679 | 11,867 | 5,195 |
| **Property development** | | | | |
| Properties held for development for sales | 1,461,549 | 1,813,323 | 2,977,932 | 4,779,900 |
| Properties under development for sales | 5,263,834 | 8,232,878 | 7,781,690 | 9,584,979 |
| Completed properties for sale | 1,014,584 | 1,520,082 | 2,502,035 | 1,697,897 |
| Sub-total | 7,739,967 | 11,566,283 | 13,261,657 | 16,062,776 |
| **Total** | 7,769,021 | 11,576,962 | 13,273,524 | 16,067,971 |

Our property development inventory increased during the Track Record primarily due to (i) the expansion of our business to new locations in the PRC, and (ii) an increase in properties held for development and under development in line with our overall business growth. Based on our experience, we expect that property development inventories can generate turnover in two to three years in general. We recognize and record the sales of completed properties on a quarterly basis. As of October 31, 2013, approximately 26.8% of our completed properties for sale as of June 30, 2013 were sold.

## LIQUIDITY AND CAPITAL RESOURCES

### *Cash Flow*

The table below summarizes our consolidated cash flow statements for the periods indicated:

| | For the year ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Selected cash flow statement data** | | | | | |
| Net cash (used in)/generated from operating activities | (40,843) | 501,243 | 1,648,151 | 159,068 | (910,540) |
| Net cash (used in)/generated from investing activities | (221,637) | (124,380) | 18,026 | (10,646) | (5,351) |
| Net cash generated from/(used in) financing activities | 156,722 | (317,865) | (89,019) | 565,905 | 693,778 |
| Net (decrease)/increase in cash and cash equivalents | (105,758) | 58,998 | 1,577,158 | 714,327 | (222,113) |

#### Net cash (used in)/generated from operating activities

For the six months ended June 30, 2013, our net cash used in operating activities was RMB910.5 million, which was primarily attributable to an increase in inventories of RMB2,595.9 million, primarily due to (i) the increase in our properties under development for sale in Foshan Joy Palace, Logan City and Nanning Grand Riverside Bay and (ii) our land premium paid, partially offset by an increase in trade and other payables of RMB1,400.7 million, primarily attributable to an increase in pre-sale activities for Seaward Sunshine and Nanning Grand Riverside Bay.

In 2012, our net cash generated from operating activities was RMB1,648.2 million, which was primarily attributable to (i) operating profit before changes in working capital of RMB2,115.5 million, and (ii) an increase in trade and other payables of RMB2,521.7 million, primarily attributable to an increase in pre-sale activities for Imperial Summit Sky Villa, Chengdu Sky Palace and Seaward Sunshine, and partially offset by an increase in inventories of RMB1,374.3 million, primarily attributable to the increase in our properties held for development for sale in Grasse Vieille Ville, Provence, Nanning Grand Riverside Bay, Seaside Dragon Bay and Logan City and the increase in trade and other receivables of RMB1,171.9 million, primarily attributable to land deposits paid to acquire land parcels.

In 2011, our net cash generated from operating activities was RMB501.2 million, which was primarily attributable to (i) the operating profit before changes in working capital of RMB1,049.8 million, (ii) a decrease in trade and other receivables of RMB508.4 million, primarily attributable to the receipt of the proceeds for construction of Golden Bay Garden, and (iii) an increase in trade and other payables of RMB2,768.0 million, primarily attributable to an increase in pre-sale activities for Easy Life, Flying Dragon Garden and Nanning Grand Riverside Bay, and partially offset by an increase in inventories of RMB3,483.9 million, primarily attributable to the increase in our properties held for development for sale in Logan City, Chengdu Sky Palace and Seaside Dragon Bay.

In 2010, our net cash used in operating activities was RMB40.8 million, which was primarily attributable to an increase in inventories of RMB2,486.6 million, primarily attributable to an increase in our properties held for development for sale in Palm Waterfront, Huizhou Grand Riverside Bay, Imperial Summit Sky Villa, Flying Dragon Garden and Nanning Grand Riverside Bay, partially offset by (i) operating profit before changes in working capital of RMB613.2 million, and (ii) an increase in trade and other payables of RMB1,361.2 million, primarily attributable to an increase in pre-sale activities for Provence, Palm Waterfront and Grand View.

**Net cash (used in)/generated from investing activities**

For the six months ended June 30, 2013, our net cash used in investing activities was RMB5.4 million, which was primarily attributable to (i) addition to investment properties under development of RMB12.0 million, primarily for Nanning Grand Riverside Bay and (ii) addition to other fixed assets of RMB9.5 million, primarily due to purchases for fixed assets, such as vehicles, to support our overall business growth, partially offset by proceeds from disposal of investment properties of RMB13.4 million, primarily for Logan City.

In 2012, our net cash generated from investing activities was RMB18.0 million, which was primarily attributable to proceeds from disposal of investment properties of RMB60.0 million, primarily in connection with Logan City and Landscape Residence, partially offset by addition to investment properties under development of RMB41.5 million, primarily for Nanning Grand Riverside Bay.

In 2011, our net cash used in investing activities was RMB124.4 million, which was primarily attributable to an addition to investment properties under development of RMB133.2 million, primarily for Logan City.

In 2010, our net cash used in investing activities was RMB221.6 million, which was primarily attributable to an addition to investment properties under development of RMB211.2 million, primarily for Logan Century Center.

**Net cash generated from/(used in) financing activities**

For the six months ended June 30, 2013, our net cash generated from financing activities was RMB693.8 million, which was mainly attributable to proceeds from new bank and other loans of RMB3,719.7 million, partially offset by (i) repayment of bank and other loans of RMB2,271.3 million and (ii) an increase in pledged deposits of RMB469.2 million as securities in respect of our bank loans and mortgage loan facilities granted by banks to purchasers of our properties.

In 2012, our net cash used in financing activities was RMB89.0 million, which was mainly attributable to (i) repayment of bank loans of RMB2,857.6 million and (ii) interest and other borrowing costs paid of RMB501.1 million, partially offset by proceeds from new bank loans of RMB3,136.3 million.

In 2011, our net cash used in financing activities was RMB317.9 million, which was primarily attributable to (i) repayment of bank loans of RMB2,586.2 million, (ii) interest and other borrowing costs paid of RMB441.3 million, (iii) dividends paid to the ultimate shareholder of RMB105.0 million which were declared before the beginning of the Track Record Period, and (iv) cash distributed to the ultimate shareholder in connection with the Reorganization of RMB800.7 million, partially offset by proceeds from new bank loans of RMB3,467.1 million.

In 2010, our net cash generated from financing activities was RMB156.7 million, which consisted primarily of proceeds from new bank loans of RMB1,902.3 million, partially offset by (i) repayment of bank loans of RMB1,226.0 million, (ii) a cash distributed to the ultimate shareholder in connection with the Reorganization of RMB301.5 million and (iii) dividends paid to the ultimate shareholder of RMB340.7 million.

### *Key Financial Metrics*

Our current ratio as of December 31, 2010, 2011 and 2012 and June 30, 2013 was 1.7, 1.4, 1.4 and 1.4, respectively, calculated by dividing our current assets by our current liabilities as of the applicable dates. The decrease in our current ratio from 1.7 as of December 31, 2010 to 1.4 as of December 31, 2011 was primarily due to (i) an increase in our trade and other payables, (ii) an increase in our bank loans, and (iii) a decrease in our trade and other receivables, partially offset by an increase in our inventories. Our current ratio remained stable at 1.4 as of December 31, 2011 and 2012 and June 30, 2013.

Our gearing ratio as of December 31, 2010, 2011 and 2012 and June 30, 2013 was 3.1, 2.6, 1.6 and 1.8, respectively. Our gearing ratio decreased to 2.6 as of December 31, 2011 from 3.1 as of December 31, 2010, primarily due to an increase in our total equity by 36.9% to RMB2,323.4 million as of December 31, 2011 from RMB1,696.7 million as of December 31, 2010. Such increase was primarily driven by the sales of properties in 2011 of RMB3,172.7 million. Our gearing ratio decreased to 1.6 as of December 31, 2012 from 2.6 as of December 31, 2011, primarily due to our total equity increased by 78.6% to RMB4,150.8 million as of December 31, 2012 from RMB2,323.4 million as of December 31, 2011. Such increase was primarily driven by the sales of properties in 2012 of RMB6,296.7 million. Our gearing ratio increased to 1.8 as of June 30, 2013 from 1.6 as of December 31, 2012, primarily due to an increase in bank and other loans from RMB6,618.3 million as of December 31, 2012 to RMB8,048.5 million as of June 30, 2013 to fund our operations.

Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. Our net profit margin for the six months ended June 30, 2013 decreased to 12.3% primarily due to an increase in the proportion of deliveries coming from lower profit-margin units, mainly from Nanning Grand Riverside Bay, which accounted for 30.2% of the total saleable GFA delivered during such period, in the six months ended June 30, 2013.

## INDEBTEDNESS AND CONTINGENT LIABILITIES

### *Borrowings*

The table below sets forth our outstanding bank loans as of December 31, 2010, 2011 and 2012 and June 30, 2013:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans | | | | |
| —secured | 3,585,509 | 4,861,225 | 4,690,011 | 7,189,138 |
| —unsecured | 1,292,716 | 874,285 | 1,324,224 | 164,377 |
| Total | 4,878,225[(1)] | 5,735,510[(2)] | 6,014,235[(3)] | 7,353,515[(4)] |

*Notes:*

(1) Bearing interest rates ranging from 4.1% to 6.6% per annum.

(2) Bearing interest rates ranging from 4.9% to 10.3% per annum.

(3) Bearing interest rates ranging from 2.0% to 9.3% per annum.

(4) Bearing interest rates ranging from 2.0% to 9.3% per annum.

Our bank loans increased steadily over the Track Record Period in line with the increase in our property development activities. As of June 30, 2013, our principal bank loans were obtained from banks such as Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of China and Hang Seng Bank, and we had unutilized banking facilities of RMB1,042.5 million.

The table below sets forth the maturity profiles of our bank loans as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Bank loans repayable** | | | | |
| Within one year and included in current liabilities | 709,000 | 1,557,500 | 1,831,000 | 2,907,370 |
| After one year and included in non-current liabilities: | | | | |
| After one year but within two years | 2,405,300 | 1,455,780 | 2,431,580 | 1,282,500 |
| After two years but within five years | 1,722,000 | 2,140,245 | 1,072,000 | 2,511,800 |
| After five years | 41,925 | 581,985 | 679,655 | 651,845 |
| | 4,169,225 | 4,178,010 | 4,183,235 | 4,446,145 |
| Total | 4,878,225 | 5,735,510 | 6,014,235 | 7,353,315 |

Our secured and unsecured bank loans are denominated in Renminbi, Hong Kong dollars and U.S. dollars. Our bank loans bear interest at fixed and floating interest rates. The carrying amounts of our bank loans approximate their fair values. Our secured bank loans were primarily secured by investment properties, investment properties under development, properties under development for sale, completed properties and other land and buildings.

During the Track Record Period, we did not experience any material difficulties in renewing our borrowings. In addition, our bank loans generally include covenants relating to the status of our property development projects, as are commonly found in loan agreements for property development projects in the PRC, the breach of which would result in the relevant bank loans becoming payable on demand.

In addition, as of December 31, 2010, 2011 and 2012 and June 30, 2013, we had other loans of RMB302.1 million, RMB288.6 million, RMB604.1 million and RMB695.0 million, respectively. Although we have not experienced any difficulty in obtaining bank loans necessary to fund our developments, we also utilize loans from trust companies with a view to diversifying our financing sources, given the recent policy and regulatory developments that are designed to increase difficulties for property developers to obtain bank loans. We believe this is in line with the industry practice. As of June 30, 2013, we had outstanding borrowings under three other loans to fund our general operations, and details of such loans are set forth below:

| Lending trust company | Borrower | Facility amount | Execution date and maturity date | Annual interest rate | Mortgaged assets | Repayment status |
|---|---|---|---|---|---|---|
| | | *(RMB'000)* | | | | |
| China Railway Trust Co., Ltd. | Logan Construction | 140,000(1) | September 1, 2011; May 17, 2013 | 15% | Land use rights to 94,766 sq.m. in Huizhou, Guangdong Province granted by Dongzhen Property | Fully repaid |
| China Railway Trust Co., Ltd. | Logan Construction | 170,000(2) | September 1, 2011; April 30, 2013 | 15% | Land use rights to 108,943 sq.m. in Huizhou, Guangdong Province granted by Dongzhen Property | Fully repaid |
| China Industrial International Trust Limited | Logan Construction | 100,000 | May 1, 2012(3); May 8, 2013 | 9.5% | N/A | Fully repaid |
| Western Trust Co., Ltd. | Nanning Jinjun | 200,000 | October 20, 2012; October 21, 2014 | 7.05% | N/A | Expected to be fully repaid on or before the maturity date |
| China Railway Trust Co., Ltd. | Chengdu Property | 195,000 | January 6, 2013; October 15, 2014 | 11.3% | Buildings under development of approximately 43,219 sq.m. and parks under development of approximately 41,510 sq.m. in Chengdu, Sichuan Province granted by Chengdu Property | Expected to be fully repaid on or before the maturity date |
| Dalian Huaxin Trust Co., Ltd. | Huizhou Property | 300,000 | May 31, 2013; May 30, 2015 | 9% | N/A | Expected to be fully repaid on or before the maturity date |

*Notes*:

(1) Logan Construction owned amounts receivable of RMB140.0 million due from Shenzhen Youkaisi, which were transferred to the lender with an obligation to fully repurchase by May 17, 2013.

(2) Logan Construction owned amounts receivable of RMB170.0 million due from Shenzhen Youkaisi, which were transferred to the lender with an obligation to fully repurchase by April 30, 2013.

(3) This facility was utilized on May 15, 2012.

From July 1, 2013 up to the Latest Practicable Date, Nanning Property had obtained an additional other loan facility of RMB130.0 million from Bohai International Trust Co., Ltd., at the interest rate of 9.5% per annum. We drew down the entire facility in November 2013. Under the loan agreement, we repay in quarterly installments, the last of which is due in September 2015. We also have an option to fully repay the borrowing in November 2014 without penalty. This borrowing is secured by buildings of approximately 7,941 sq.m. in Nanning, Guangxi Province granted by Nanning Property.

In general, the interest rates of our other loans from trust companies are higher than those of our bank loans. In addition, while banks generally do not accept transferred equity interests to secure repayment obligations, trust companies are generally more flexible in accepting different types of security. For instance, in the past, we transferred equity interests in a project subsidiary to the lending trust company to secure our loan with it, which were transferred back to us when we repaid the loan. Our currently effective loans with trust companies do not have such equity transferring feature.

Some of our other loans may require guarantees, such as those provided by Guangdong Logan (Group). Our other loans may include customary covenants, such as allowing lenders' ongoing supervision of our operational and financial conditions, prohibition against using the borrowings for investment purposes, and requirements to notify the lenders in the event of material adverse changes in our operations and financial conditions. In the event of default, we may be required to make immediate repayments of loans, pay a penalty or indemnify the lenders. Our PRC legal advisor, Haiwen & Partners, is of the opinion that our trust loan agreements set forth above in effect as of the Latest Practicable Date are in compliance with the applicable PRC laws and regulations in all material respects.

We regularly monitor our compliance with covenants under our bank and other loans, and our Directors have confirmed that, during the Track Record Period and as of the Latest Practicable Date, we had not breached any of these covenants or defaulted on any debt service obligations and were not aware of any existing circumstances that would render us unable to service or renew our indebtedness.

***Hang Seng Bank Facility Agreements***

In November 2012, we entered into a loan facility agreement with Hang Seng Bank Limited ("Hang Seng Bank"), pursuant to which we were granted a revolving loan facility of US$23.1 million ("Hang Seng US$ Facility"). In January 2013, we entered into another loan facility agreement with Hang Seng Bank, pursuant to which we were granted a term loan facility of HK$360.0 million ("Hang Seng HK$ Facility"). The Hang Seng Bank Facility Agreements were further amended in April 2013. We applied the amounts borrowed under the Hang Seng Bank Facility Agreements to replace our previous offshore borrowings, which carried higher finance costs and were utilized by us to settle the acquisition consideration in relation to the entire equity interest in Shenzhen Youkaisi. See the section entitled "History and Reorganization—Our Corporate Reorganization—Acquisition of Shenzhen Youkaisi, Yuen Ming Investments and Noble Rhythm 25% Acquisition" in this document. As of June 30, 2013, the Hang Seng US$ Facility and the Hang Seng HK$ Facility had been fully drawn down, and we had outstanding amount of RMB429.8 million under the Hang Seng Bank Facility Agreements.

The Hang Seng US$ Facility carries an interest rate of the higher of London Interbank Offered Rate plus 1.75% per annum and Hang Seng Bank's cost of funds, and is due in November 2014, while the Hang Seng HK$ Facility carries an interest rate of the higher of Hong Kong Interbank Offered Rate plus 1.25% per annum and Hang Seng Bank's cost of funds, and is due in January 2015. As security, we obtained standby letters of credit from a PRC bank in favor of Hang Seng Bank, which in term were secured by our onshore deposits in Renminbi. We record such deposits as pledged deposits, and our pledged deposits pledged to secure the above-mentioned letters of credit amounted to RMB146.5 million and RMB439.5 million as of December 31, 2012 and June 30, 2013, respectively. Under the Hang Seng Bank Facility Agreements, we have undertaken not to directly or indirectly remit any drawdown proceeds into the PRC for any purposes. In addition, amounts outstanding under the Hang Seng Bank Facility Agreements are secured by pledged deposits equal to 100% of the amounts drawn down under the loan facilities given by us to Hang Seng Bank (China) Limited, which will be released upon the repayment of the loan facilities. Ms. Kei has agreed to remain the majority shareholder of Kam Wang and Shenzhen Youkaisi as long as such loan facilities remain outstanding. Each loan facility under the Hang Seng Bank Facility Agreements is repayable on demand, and we are required to fully repay all outstanding amounts no later than one year of initial drawdown date. Except for the aforementioned, the Hang Seng Bank Agreements are not subject to any uncommon conditions or covenants.

***Guarantees***

In the ordinary course of our business, we arrange mortgage loans for certain purchasers of our properties and provide guarantees and pledged deposits to the relevant financial institutions to secure the repayment of these mortgage loans. These guarantees and pledged deposits commence on the date of the grant of the relevant mortgage and are released upon the earlier of (i) the issuance of the real estate ownership certificate, or (ii) the satisfaction of the mortgage loan by the purchaser of the relevant property.

Pursuant to the terms of each guarantee, upon a default in mortgage payments by the purchasers, we become responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchaser to the bank and we are entitled to take over the legal title and possession of the related property.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the aggregate value of the mortgage loans that we guaranteed were RMB687.8 million, RMB1,743.9 million, RMB1,564.5 million and RMB2,343.2 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we encountered 40 incidents of default by purchasers for whom we had guaranteed mortgage loans, which involved an aggregated default payment of RMB1.4 million. We believe such amount is immaterial, as compared to the aggregate value of the mortgage we guaranteed during the Track Record Period.

***Pledges***

As described above, we provide pledged deposits to the relevant financial institutions to secure the repayment of mortgage loans that we arrange for certain purchasers of our properties, which are released upon the earlier of (i) the issuance of the real estate ownership certificate, or (ii) the satisfaction of the mortgage loan by the purchaser of the relevant property. Such pledged deposits are restricted from being used or transferred before the repayment of the respective bank loans. As of December 31, 2010, 2011 and 2012 and June 30, 2013, such pledged deposits amounted to

RMB13.9 million, RMB13.7 million, RMB14.2 million and RMB20.4 million, respectively. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had pledged deposits as securities in respect of our bank loans of nil, nil, RMB176.5 million and RMB639.5 million, respectively.

***Indebtedness***

As of October 31, 2013, being the latest practicable date for the purpose of determining our indebtedness, our indebtedness was as follows:

- We had total outstanding bank loans of RMB7,652.3 million (including the outstanding amount of RMB427.5 million under the Hang Seng Bank Facility Agreements), of which (i) RMB6,036.3 million was secured, primarily by our interests in our projects' land and buildings, and (ii) RMB1,616.0 million was unsecured. These bank loans had interest rates ranging from 2.0% to 9.3% per annum, and RMB2,445.8 million was repayable within one year. We had unutilized banking facilities of RMB1,385.0 million.
- We had total outstanding other loans from non-banking financial institutions of RMB825.0 million, of which (i) RMB325.0 million was secured, primarily by our interests in our projects' land and buildings, and (ii) RMB500.0 million was unsecured. These other loans had interest rates ranging from 7.05% to 11.3% per annum, and RMB395.0 million was repayable within one year.
- We provided guarantees and pledged deposits to financial institutions to secure mortgage loans granted to purchasers of our properties, which amounted to RMB2,581.0 million and RMB22.1 million, respectively. In addition, we had bank deposits of RMB639.5 million pledged as securities in respect of our bank loans.

## NET CURRENT ASSETS

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

| | As of December 31, | | | As of June 30, 2013 | As of October 31, 2013 |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* |
| **Current assets** | | | | | |
| Inventories | 7,769,021 | 11,576,962 | 13,273,524 | 16,067,971 | 19,029,151 |
| Trade and other receivables | 1,225,532 | 717,169 | 1,889,090 | 1,814,563 | 1,869,680 |
| Tax recoverable | 38,559 | 76,390 | 59,863 | 219,303 | 397,426 |
| Restricted and pledged deposits | 52,880 | 54,259 | 214,121 | 679,940 | 677,125 |
| Cash and cash equivalents | 900,822 | 959,681 | 2,536,868 | 2,314,728 | 1,869,779 |
| Non-current assets classified as held for sales | — | 20,706 | — | — | — |
| | 9,986,814 | 13,405,167 | 17,973,466 | 21,096,505 | 23,843,161 |
| **Current liabilities** | | | | | |
| Trade and other payables | 5,079,906 | 7,743,111 | 10,565,960 | 12,055,399 | 13,924,384 |
| Bank loans | 709,000 | 1,557,500 | 1,831,000 | 2,907,370 | 2,445,755 |
| Tax payable | 149,386 | 295,513 | 624,847 | 538,298 | 629,174 |
| | 5,938,292 | 9,596,124 | 13,021,807 | 15,501,067 | 16,999,313 |
| **Net current assets** | 4,048,522 | 3,809,043 | 4,951,659 | 5,595,438 | 6,843,848 |

As of December 31, 2010, 2011 and 2012, June 30, 2013 and October 31, 2013, we had net current assets of RMB4,048.5 million, RMB3,809.0 million, RMB4,951.7 million, RMB5,595.4

million and RMB6,843.8 million, respectively. We recorded net current assets during the Track Record Period and up to October 31, 2013 primarily due to our property development inventories, amounting to RMB7,740.0 million, RMB11,566.3 million, RMB13,261.7 million, RMB16,062.8 million and RMB19,027.4 million as of December 31, 2010, 2011 and 2012, June 30, 2013 and October 31, 2013, respectively.

The key components of our current assets as of October 31, 2013 included property development inventories of RMB19,027.4 million, cash and cash equivalents of RMB1,869.8 million and trade and other receivables of RMB1,869.7 million. The key components of our current liabilities as of October 31, 2013 included trade and other payables of RMB13,924.4 million and bank loans of RMB2,445.8 million.

## CAPITAL COMMITMENTS AND CONTRACTUAL OBLIGATIONS

During the Track Record Period, our commitments that were contracted for mainly represented amounts we were liable for under relevant contracts in connection with development expenditures for our properties under development, while commitments that were authorized but not contracted for mainly represented budgeted amounts that our management had authorized in connection with future investment and properties held for future development.

The table below sets forth our capital commitments as of the dates indicated:

| | As of December 31, | | | As of June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Contracted for | 3,350,813 | 2,622,509 | 2,497,505 | 3,502,571 |
| Authorized but not contracted for | 18,376,818 | 14,853,955 | 15,851,589 | 16,994,643 |
| Total[(1)] | 21,727,631 | 17,476,464 | 18,349,094 | 20,497,214 |

*Note:*

(1) Amount includes (i) our estimated further development costs to complete our property development projects, (ii) land costs that have been contracted for, and (iii) capital commitments in connection with our construction business.

Our capital commitments include our estimated further development costs to complete our property development projects, which amounted to RMB18,493.5 million as of October 31, 2013. Logan City is our largest property development project, and the estimated remaining construction costs of this project accounted for a substantial portion of our capital commitments as of the same date. For a breakdown of the portion of our capital commitments relating to construction costs by project, please see the section entitled "Business—Our Property Projects—Overview" in this document.

The table below summarizes our major near-term expected payments (including payments for our capital commitments and contractual obligations) based on our current project plans, target costs and internal estimates as of June 30, 2013, which are subject to change:

| | Expected payments | | |
|---|---|---|---|
| | For the six months ending December 31, 2013 | For the year ending December 31, | |
| | | 2014 | 2015 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Development costs[(1)] | 2,740,534 | 6,511,967 | 7,163,164 |
| Trade payables | 1,223,107 | 668,075 | — |
| Payment for land premium[(2)] | 316,912 | — | — |
| Repayment of bank and other loans | 2,198,333 | 1,719,420 | — |

*Notes:*

(1) Development costs represent amounts we expect to expend to develop our property projects.

(2) Payment for land premium includes (i) contracted and budgeted costs to obtain land use rights and (ii) a land auction deposit.

In addition, under various agreements, we were obligated to make future cash payments in fixed amounts. The table below summarizes these contractual obligations by maturity, including interest payments calculated using contractual rates or, if floating, based on rates as of June 30, 2013:

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| | Within one year or on demand | More than one year but less than two years | More than two years but less than five years | More than five years | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans | 3,358,647 | 1,575,394 | 2,864,429 | 1,019,901 | 8,818,371 |
| Trade payables | 1,731,051 | 160,131 | — | — | 1,891,182 |
| Other payables and accrued charges | 286,544 | — | — | — | 286,544 |
| Other loans | 64,012 | 729,434 | — | — | 793,446 |
| Amounts due to related companies | 269,343 | — | — | — | 269,343 |
| Amounts due to a non-controlling shareholder | 56,827 | — | — | — | 56,827 |
| Amount due to the founder | 7 | — | — | — | 7 |
| | 5,766,431 | 2,464,959 | 2,864,429 | 1,019,901 | 12,115,720 |

## OPERATING LEASES

### *As Lessee*

We lease office space under various operating leases. The leases typically have an initial term of one to four years with options for renewal, at which time all terms are re-negotiated.

During the Track Record Period, our minimum lease payments for land and buildings charged on our consolidated income statements were RMB6.9 million, RMB4.4 million, RMB9.7 million and RMB5.1 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

The table below summarizes amounts that we were committed to pay under our operating leases as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 3,181 | 10,451 | 9,063 | 8,175 |
| After one year but within five years | 4,515 | 20,376 | 12,136 | 8,461 |
| Total | 7,696 | 30,827 | 21,199 | 16,636 |

As of June 30, 2013, none of the properties sold by us during the Track Record Period were leased back to us.

### *As Lessor*

We also lease out a number of building facilities under operating leases, consisting primarily of retail shops attached to some of our property development projects and office space. The leases typically have terms of three to 15 years with options for renewal, at which time all terms are re-negotiated. The table below summarizes the aggregate receivables from our non-cancellable operating leases as of the following dates:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 1,601 | 53,198 | 58,855 | 60,281 |
| After one year but within five years | 7,765 | 215,035 | 183,812 | 157,466 |
| After five years | 19,128 | 16,990 | 14,938 | 14,478 |
| Total | 28,494 | 285,223 | 257,605 | 232,225 |

The decrease in receivables from operating leases from RMB285.2 million as of December 31, 2011 to RMB257.6 million as of December 31, 2012 and further to RMB232.2 million as of June 30, 2013 was primarily attributable to a decrease in the remaining lease period under the tenancy agreement with Shenzhen Tencent Computer System Co., Ltd. for the lease of office space in Logan Century Center, which is expected to expire in 2016. The significant increase in receivables from operating leases from RMB28.5 million as of December 31, 2010 to RMB285.2 million as of December 31, 2011 was primarily due to this tenant commencing the lease in 2011.

## WORKING CAPITAL

The property development business in the PRC is capital intensive. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for and development of our property development projects. We primarily use internal funds (including proceeds from the re-sale and sales of our projects) to acquire land for our project, and a combination of internal funds and bank loans to fund the construction of our projects.

We believe that our capital commitments and contractual obligations are manageable, and we intend to fund them primarily with proceeds from the following sources of cash:

- *Proceeds from our pre-sale activities*. In 2012, we recorded contracted sales of RMB9,737.2 million. In the 10 months ended October 31, 2013, we recorded contracted sales of RMB9,468.0 million, which we expected to receive within three months of the contracted sales based on our experience. In addition, based on our project plans, we expect that pre-sales will commence at 10 property projects in two months ending December 31, 2013 and in 2014, which will generate additional cash flow.

- *Proceeds from bank and other borrowings*. Our unutilized banking facilities amounted to RMB1,385.0 million as of October 31, 2013, and we plan to obtain additional bank and other loans going forward to fund the construction of our projects in line with our past practice.

- *Proceeds from our rental income and construction contracts.* We plan to hold our current investment properties, which will continue to generate rental income. Our properties which are scheduled to be completed going forward will also contain investment properties. In addition, we will continue to provide construction services to our related parties. We expect, however, that consistent with our performance during the Track Record Period, income generated from our rental income and construction contracts will not constitute major sources of our cash flow.

Taking into account our capital commitments and contractual obligations, our current project development schedules, our sale and pre-sale status, [●] and other factors described above, our Directors confirm that we have sufficient working capital for our operations for at least 12 months from the date of this document. Our Directors further confirm that, based on our current projections, we would still have sufficient working capital for our operations for at least 12 months from the date of this document, assuming that we had no additional bank or other borrowings and experienced a decrease of up to 20% in the ASP and a decrease of up to 20% in the sales volume of our properties during such period.

## RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various transactions with our related parties.

Our key related party transactions during the Track Record Period primarily related to the construction services we provided to our related companies through Logan Construction. See the section entitled "Business—Construction Business" in this document. In 2010, 2011 and 2012 and the six months ended June 30, 2013, such construction contracts income amounted to RMB239.2 million, RMB239.3 million, RMB235.5 million and RMB336.1 million, respectively. For more information on our future construction services to the related parties, see the section entitled "Connected Transactions—Overview—Continuing Connected Transactions which are subject to the Reporting, Annual Review Announcement and Independent Shareholders' Approval Requirements—Master Construction Services Agreement" in this document.

We provided securities against our related companies' bank and other loans during the Track Record Period, which will be released before [●]. The table below sets forth the amounts of such securities as of the indicated dates:

| | As of December 31, | | | As of June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Assets pledged against bank and other loans of related companies | 84,222 | 439,144 | 234,139 | 234,139 |
| Guarantees against related companies' bank and other loans | 230,000 | 260,000 | 260,000 | 40,000 |

We benefited from securities provided by our related parties, related companies, Ms. Kei and Mr. Ji against bank and other loans we obtained during the Track Record Period, which will be released before [●]. The table below sets forth the amounts of such securities as of the indicated dates:

| | As of December 31, | | | As of June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Assets pledged against our Group's bank loans | — | — | 540,000 | 470,000 |
| Guarantees against our Group's bank and other loans | 4,836,300 | 6,007,885 | 6,300,910 | 7,511,739 |

For more information on our material related party transactions, see Note 28 in the Accountants' Report in Appendix I to this document. Our Directors confirm that all related party transactions during the Track Record Period were conducted on normal commercial terms and on an arm's-length basis, and that their terms were fair, reasonable and in the interest of our Shareholders. Our Directors believe that our related party transactions did not materially distort our financial performance during the Track Record Period, or make our historical results not reflective of our future performance.

## LEGAL CONTINGENCIES

In the normal course of business, we are involved in lawsuits and other proceedings. While the outcomes of such lawsuits and other proceedings cannot be determined at present, we believe that liabilities resulting from these proceedings, if any, will not have a material adverse effect on our business, financial position, results of operations or prospects.

## OFF-BALANCE SHEET TRANSACTIONS

Except for the contingent liabilities set forth above, as of the Latest Practicable Date, (i) we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties; (ii) we did not have a retained or contingent interest in assets transferred to an unconsolidated entity or a similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets; (iii) we had not entered into any derivative contracts that are indexed to our Shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements; and (iv) we did not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

## DISCLAIMER

Except as disclosed in the section entitled "—Indebtedness and Contingent Liabilities" in this document, as of October 31, 2013, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, pledges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, guarantees or any other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness since October 31, 2013.

## MARKET RISKS

Market risk is the risk of loss related to adverse changes in the market prices of financial instruments, including interest rates and foreign exchange rates. We are exposed to various types of market risk in the ordinary course of business, including changes in interest rates and foreign exchange rates. We maintain our accounting records and prepare our financial statements in Renminbi.

Our assets are predominantly in the form of investment properties, investment properties under development, completed properties held for sale, properties under development for sale and properties held for development for sale. In the event of a severe downturn in the property market, the value of these assets may not be readily realizable.

### *Credit Risk*

We are exposed to credit risk primarily arising from bank deposits and trade and other receivables. Our management has policies to continuously monitor the exposures to these credit risks. In addition, we have policies in place to ensure that sales of properties are made to buyers with appropriate financial strength and with the appropriate percentage of down payment. The credit risk of our other financial assets, which mainly comprise bank deposits and trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of each of these instruments on our balance sheets.

***Liquidity Risk***

Prudent liquidity risk management implies maintaining sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. We have a policy to regularly monitor our current and expected liquidity requirements and our compliance with the financial covenants pursuant to our borrowings to ensure that we maintain sufficient reserves of cash and have adequate committed credit lines available. For further details of the maturity dates of our financial liabilities as June 30, 2013, please see Note 3(b) in the Accountants' Report in Appendix I to this document.

***Interest Rate Risk***

We are exposed to interest rate risks, primarily relating to our bank borrowings with floating interest rates, which were RMB4,878.2 million, RMB5,735.5 million, RMB6,014.2 million and RMB7,353.5 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. Our net profit is also affected by changes in interest rates due to the impact such changes have on interest income from our bank deposits.

An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand in China. For further information, please see the section entitled "Risk Factors—Risks relating to Property Development in the PRC—Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this document.

***Commodities Risk***

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and concrete. We currently do not and do not expect to engage in commodities hedging activities. We purchase most of our supplies of steel and concrete at market prices. As a result, fluctuations in the prices of our construction materials could have a significant impact on our results of operations.

***Foreign Exchange Risk***

We conduct our operation in the PRC and most of our transactions are settled in Renminbi. Our foreign exchange risk arises primarily from the exposure to fluctuations of the Renminbi against the Hong Kong dollar as a result of our investment in the PRC and certain general administrative expenses settled in Hong Kong dollars. In addition, Renminbi is not freely convertible and the conversion of Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under this policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates.

A depreciation in Renminbi would adversely affect the value of any dividends we pay to our Shareholders outside the PRC and would also result in an increase in the price of goods with imported content which we source from our suppliers.

We do not have a foreign currency hedging policy. However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting a foreign currency hedging policy in the future.

## DIVIDENDS AND DISTRIBUTABLE RESERVES

### *Dividends*

Subject to the Companies Law, we, through a general meeting, may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which may be authorized for this purpose in accordance with the Companies Law.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including [●]. PRC laws also require foreign-invested enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Our Company did not declare any dividends during the Track Record Period. In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders in the six months ending June 30, 2014 approximately 20% of any net distributable profits derived during the year ending December 31, 2013, excluding changes in fair value of investment properties. However, we will re-evaluate our dividend policy annually, and the amount of dividends actually distributed to our Shareholders in the future will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed each year or in any given year. 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.

### *Distributable Reserves*

As of June 30, 2013, our Company did not have any distributable reserves.

## PROPERTY INTERESTS

Details relating to our property interests are set out in Appendix III to this document. DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our property interests as of October 31, 2013. The full text of their letters, summary of valuation and valuation certificates.

The following table sets forth the reconciliation between the net book value of our properties as of June 30, 2013, as extracted from the Accountant's Report in Appendix I to this document, and their value as of October 31, 2013, as stated in the Property Valuation in Appendix III to this document.

| | *RMB'000* |
|---|---|
| Net book value of our properties as of June 30, 2013 | |
| —Investment properties | 3,587,000 |
| —Investment properties under development | 190,000 |
| —Other land and buildings | 28,656 |
| —Properties held under development for sales | 9,584,979 |
| —Properties held for sales | 1,697,897 |
| —Properties held for development for sales | 4,779,900 |
| **Net book value of our properties as of June 30, 2013** | **19,868,432** |
| Add: Fair value gain of investment properties during the period from July 1, 2013 to October 31, 2013 (unaudited) | 19,754 |
| Add: Additions during the period from July 1, 2013 to October 31, 2013 (unaudited) | 3,711,088 |
| Add: Disposal during the period from July 1, 2013 to October 31, 2013 (unaudited) | (1,086,439) |
| Less: Depreciation of buildings held for own use during the period from July 1, 2013 to October 31, 2013 (unaudited) | (515) |
| Net book value of our properties as of October 31, 2013 (unaudited) | 22,512,320 |
| Less: Properties with no commercial value (unaudited) | (39,141) |
| Net valuation surplus, before income tax and LAT (unaudited) | 13,813,121 |
| **Valuation of properties as of October 31, 2013 (unaudited)** | 36,286,300 |
| **Less: attributable to non-controlling interest (unaudited)** | (440,300) |
| **Valuation of properties attributable to our Group as of October 31, 2013 as set forth in the Property Valuation Report in Appendix III to this document (unaudited)** | **35,846,000** |

## NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects of our Company since June 30, 2013, being the date of the latest audited consolidated financial statements of our Company as set out in the Accountants' Report in Appendix I to this document.

## FUTURE PLANS

We intend to grow our business by consolidating our market position in Guangdong and Guangxi Provinces while accelerating our expansion into other high-growth regions in the PRC. Please see the section entitled "Business—Business Strategies" in this document for details of our future plans.

[●]

[●]

[●]

The Board of Directors
Logan Property Holdings Company Limited

[●]

Dear Sirs,

**INTRODUCTION**

We set out below our report on the financial information relating to Logan Property Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated balance sheets of the Group as at December 31, 2010, 2011 and 2012 and June 30, 2013 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the document of the Company dated [●] (the "document").

The Company was incorporated in the Cayman Islands on May 14, 2010 as an exempted company with limited liability under the Companies Law (2011 Revision) (as combined and revised) of the Cayman Islands. Pursuant to a group reorganization completed on April 1, 2013 (the "Reorganization") as detailed in the section headed "History and Reorganization" in the document, 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 Reorganization.

As at the date of this report, no audited financial statements have been prepared for the Company, Yuen Ming Investments Company Limited, Noble Rhythm International Limited, Jolly Gain Investments Limited, Tai Ying Investments Limited, Platinum Profit Investments Limited, Golden Prosper Investments Limited, Talent Union Investments Limited and Dragon Coronet Limited, 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 December 31 as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in note 31 of Section B. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") or 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 Periods (the "Underlying Financial Statements") in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

## 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 HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the [●], and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

## REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with [●] 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 June 30, 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 December 31, 2010, 2011 and 2012 and June 30, 2013 and the Group's consolidated results and cash flows for the Relevant Periods then ended.

## CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended June 30, 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 OF THE GROUP

## 1 Consolidated income statements

| | Section B Note | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| **Turnover** | 4 | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |
| **Direct costs** | | (2,070,466) | (2,062,001) | (4,027,359) | (941,799) | (2,307,004) |
| **Gross profit** | | 781,193 | 1,385,473 | 2,560,301 | 624,619 | 1,025,201 |
| Other revenue | 5 | 16,168 | 16,801 | 33,775 | 15,267 | 11,336 |
| Other net (loss)/income | 6 | (197) | 11,316 | 522 | (16) | (4,872) |
| Selling and marketing expenses | | (63,058) | (148,460) | (205,686) | (59,425) | (125,916) |
| Administrative expenses | | (123,708) | (207,606) | (280,059) | (122,776) | (184,558) |
| Net increase in fair value of investment properties | 14 | 695,779 | 863,715 | 836,652 | 395,945 | 40,506 |
| **Profit from operations** | | 1,306,177 | 1,921,239 | 2,945,505 | 853,614 | 761,697 |
| Finance costs | 7(a) | (5,047) | (96,284) | (170,218) | (86,251) | (63,501) |
| **Profit before taxation** | 7 | 1,301,130 | 1,824,955 | 2,775,287 | 767,363 | 698,196 |
| Income tax | 8(a) | (361,509) | (561,801) | (958,318) | (251,938) | (255,937) |
| **Profit for the year/period** | | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Attributable to:** | | | | | | |
| — Equity shareholders of the Company | | 926,251 | 1,247,583 | 1,794,068 | 512,185 | 435,386 |
| — Non-controlling interests | | 13,370 | 15,571 | 22,901 | 3,240 | 6,873 |
| **Profit for the year/period** | | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Basic earnings per share (RMB)** | 12 | N/A | N/A | N/A | N/A | N/A |

The accompanying notes form part of the Financial Information.

## 2 Consolidated statements of comprehensive income

| | Section B Note | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| **Profit for the year/period** | | 939,621 | 1,263,154 | 1,816,969 | 515,425 | 442,259 |
| **Other comprehensive income for the year/period (after tax and reclassification adjustments)** | 9 | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences on translation of financial statements of overseas entities | | 4 | 24,226 | (67) | (2,810) | 9,678 |
| **Total comprehensive income for the year/period** | | 939,625 | 1,287,380 | 1,816,902 | 512,615 | 451,937 |
| **Attributable to:** | | | | | | |
| — Equity shareholders of the Company | | 926,255 | 1,271,809 | 1,794,001 | 509,375 | 445,064 |
| — Non-controlling interests | | 13,370 | 15,571 | 22,901 | 3,240 | 6,873 |
| **Total comprehensive income for the year/period** | | 939,625 | 1,287,380 | 1,816,902 | 512,615 | 451,937 |

The accompanying notes form part of the Financial Information.

## 3 Consolidated balance sheets

| | Section B Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Non-current assets** | | | | | |
| Fixed assets | 14 | | | | |
| — Investment properties | | 1,892,000 | 2,875,000 | 3,736,000 | 3,777,000 |
| — Other property, plant and equipment | | 91,127 | 95,591 | 94,176 | 92,720 |
| | | 1,983,127 | 2,970,591 | 3,830,176 | 3,869,720 |
| Deferred tax assets | 8(c)(ii) | 114,074 | 216,896 | 245,514 | 269,098 |
| | | 2,097,201 | 3,187,487 | 4,075,690 | 4,138,818 |
| **Current assets** | | | | | |
| Inventories | 15 | 7,769,021 | 11,576,962 | 13,273,524 | 16,067,971 |
| Trade and other receivables | 16 | 1,225,532 | 717,169 | 1,889,090 | 1,814,563 |
| Tax recoverable | 8(c)(i) | 38,559 | 76,390 | 59,863 | 219,303 |
| Restricted and pledged deposits | 18 | 52,880 | 54,259 | 214,121 | 679,940 |
| Cash and cash equivalents | 19 | 900,822 | 959,681 | 2,536,868 | 2,314,728 |
| | | 9,986,814 | 13,384,461 | 17,973,466 | 21,096,505 |
| Non-current assets classified as held for sale | 20 | — | 20,706 | — | — |
| | | 9,986,814 | 13,405,167 | 17,973,466 | 21,096,505 |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | 5,079,906 | 7,743,111 | 10,565,960 | 12,055,399 |
| Bank loans | 22 | 709,000 | 1,557,500 | 1,831,000 | 2,907,370 |
| Tax payable | 8(c)(i) | 149,386 | 295,513 | 624,847 | 538,298 |
| | | 5,938,292 | 9,596,124 | 13,021,807 | 15,501,067 |
| **Net current assets** | | 4,048,522 | 3,809,043 | 4,951,659 | 5,595,438 |
| **Total assets less current liabilities** | | 6,145,723 | 6,996,530 | 9,027,349 | 9,734,256 |
| **Non-current liabilities** | | | | | |
| Bank loans | 22 | 4,169,225 | 4,178,010 | 4,183,235 | 4,446,145 |
| Deferred tax liabilities | 8(c)(ii) | 279,833 | 495,161 | 693,353 | 700,492 |
| | | 4,449,058 | 4,673,171 | 4,876,588 | 5,146,637 |
| **NET ASSETS** | | 1,696,665 | 2,323,359 | 4,150,761 | 4,587,619 |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | 23(a) | 412,050 | — | — | — |
| Reserves | 23(b) | 1,268,676 | 2,291,849 | 4,092,780 | 4,522,765 |
| **Total equity attributable to equity shareholders of the Company** | | 1,680,726 | 2,291,849 | 4,092,780 | 4,522,765 |
| **Non-controlling interests** | | 15,939 | 31,510 | 57,981 | 64,854 |
| **TOTAL EQUITY** | | 1,696,665 | 2,323,359 | 4,150,761 | 4,587,619 |

The accompanying notes form part of the Financial Information.

## 4 Consolidated statements of changes in equity

| | Attributable to equity shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share/ paid-in capital** | **Exchange reserve** | **PRC statutory reserves** | **Other reserve** | **Retained profits** | **Total** | **Non-controlling interests** | **Total equity** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| At January 1, 2010 | 566,342 | — | 70,894 | — | 210,379 | 847,615 | 2,569 | 850,184 |
| **Changes in equity for 2010:** | | | | | | | | |
| Profit for the year | — | — | — | — | 926,251 | 926,251 | 13,370 | 939,621 |
| Other comprehensive income | — | 4 | — | — | — | 4 | — | 4 |
| Total comprehensive income for the year | — | 4 | — | — | 926,251 | 926,255 | 13,370 | 939,625 |
| Transfer to PRC statutory reserves | — | — | 16,189 | — | (16,189) | — | — | — |
| Capital injection | 133,000 | — | — | 75,398 | — | 208,398 | — | 208,398 |
| Arising on Reorganization | (287,292) | — | — | (14,250) | — | (301,542) | — | (301,542) |
| At December 31, 2010 | 412,050 | 4 | 87,083 | 61,148 | 1,120,441 | 1,680,726 | 15,939 | 1,696,665 |
| At January 1, 2011 | 412,050 | 4 | 87,083 | 61,148 | 1,120,441 | 1,680,726 | 15,939 | 1,696,665 |
| **Changes in equity for 2011:** | | | | | | | | |
| Profit for the year | — | — | — | — | 1,247,583 | 1,247,583 | 15,571 | 1,263,154 |
| Other comprehensive income | — | 24,226 | — | — | — | 24,226 | — | 24,226 |
| Total comprehensive income for the year | — | 24,226 | — | — | 1,247,583 | 1,271,809 | 15,571 | 1,287,380 |
| Transfer to PRC statutory reserves | — | — | 55,784 | — | (55,784) | — | — | — |
| Capital injection | 140,000 | — | — | — | — | 140,000 | — | 140,000 |
| Arising on Reorganization | (552,050) | — | — | (248,636) | — | (800,686) | — | (800,686) |
| At December 31, 2011 | — | 24,230 | 142,867 | (187,488) | 2,312,240 | 2,291,849 | 31,510 | 2,323,359 |
| At January 1, 2012 | — | 24,230 | 142,867 | (187,488) | 2,312,240 | 2,291,849 | 31,510 | 2,323,359 |
| **Changes in equity for 2012:** | | | | | | | | |
| Profit for the year | — | — | — | — | 1,794,068 | 1,794,068 | 22,901 | 1,816,969 |
| Other comprehensive income | — | (67) | — | — | — | (67) | — | (67) |
| Total comprehensive income for the year | — | (67) | — | — | 1,794,068 | 1,794,001 | 22,901 | 1,816,902 |
| Transfer to PRC statutory reserves | — | — | 79,628 | — | (79,628) | — | — | — |
| Capital injection | 6,930 | — | — | — | — | 6,930 | 3,570 | 10,500 |
| Arising on Reorganization | (6,930) | — | — | 6,930 | — | — | — | — |
| At December 31, 2012 | — | 24,163 | 222,495 | (180,558) | 4,026,680 | 4,092,780 | 57,981 | 4,150,761 |
| At January 1, 2013 | — | 24,163 | 222,495 | (180,558) | 4,026,680 | 4,092,780 | 57,981 | 4,150,761 |
| **Changes in equity for the six months ended June 30, 2013:** | | | | | | | | |
| Profit for the period | — | — | — | — | 435,386 | 435,386 | 6,873 | 442,259 |
| Other comprehensive income | — | 9,678 | | — | — | 9,678 | — | 9,678 |
| Total comprehensive income for the period | — | 9,678 | — | — | 435,386 | 445,064 | 6,873 | 451,937 |
| Arising on Reorganization | — | — | — | (15,079) | — | (15,079) | — | (15,079) |
| At June 30, 2013 | — | 33,841 | 222,495 | (195,637) | 4,462,066 | 4,522,765 | 64,854 | 4,587,619 |
| *(Unaudited)* | | | | | | | | |
| At January 1, 2012 | — | 24,230 | 142,867 | (187,488) | 2,312,240 | 2,291,849 | 31,510 | 2,323,359 |
| **Changes in equity for the six months ended June 30, 2012:** | | | | | | | | |
| Profit for the period | — | — | — | — | 512,185 | 512,185 | 3,240 | 515,425 |
| Other comprehensive income | — | (2,810) | | — | — | (2,810) | — | (2,810) |
| Total comprehensive income for the period | — | (2,810) | — | — | 512,185 | 509,375 | 3,240 | 512,615 |
| Capital injection | 6,930 | — | — | — | — | 6,930 | 3,570 | 10,500 |
| Arising on Reorganization | (6,930) | — | — | 6,930 | — | — | — | — |
| At June 30, 2012 | — | 21,420 | 142,867 | (180,558) | 2,824,425 | 2,808,154 | 38,320 | 2,846,474 |

The accompanying notes form part of the Financial Information.

## 5 Consolidated cash flow statements

| | Section B Note | Year ended December 31, 2010 | Year ended December 31, 2011 | Year ended December 31, 2012 | Six months ended June 30, 2012 | Six months ended June 30, 2013 |
|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| **Operating activities** | | | | | | |
| Profit before taxation | | 1,301,130 | 1,824,955 | 2,775,287 | 767,363 | 698,196 |
| Adjustments for: | | | | | | |
| — Bank interest income | | (3,967) | (5,352) | (7,557) | (2,755) | (5,252) |
| — Finance costs | | 5,047 | 96,284 | 170,218 | 86,251 | 63,501 |
| — Depreciation | | 6,778 | 9,214 | 15,138 | 6,247 | 8,497 |
| — Net (gain)/loss on disposal of other property, plant and equipment | | (50) | 5 | (110) | (114) | 16 |
| — Net (gain)/loss on disposal of investment properties | | — | (11,579) | (781) | — | 4,091 |
| — Net increase in fair value of investment properties | | (695,779) | (863,715) | (836,652) | (395,945) | (40,506) |
| **Operating profit before changes in working capital** | | 613,159 | 1,049,812 | 2,115,543 | 461,047 | 728,543 |
| Increase in inventories | | (2,486,602) | (3,483,949) | (1,374,317) | (11,384) | (2,595,913) |
| Decrease/(increase) in trade and other receivables | | 636,405 | 508,360 | (1,171,920) | (205,385) | 74,453 |
| Increase in trade and other payables | | 1,361,211 | 2,768,019 | 2,521,728 | 110,311 | 1,400,748 |
| **Cash generated from/(used in) operations** | | 124,173 | 842,242 | 2,091,034 | 354,589 | (392,169) |
| Tax paid | | | | | | |
| — PRC tax paid | | (165,016) | (340,999) | (442,883) | (195,521) | (518,371) |
| **Net cash (used in)/generated from operating activities** | | (40,843) | 501,243 | 1,648,151 | 159,068 | (910,540) |
| **Investing activities** | | | | | | |
| Addition to investment properties | | — | (20,081) | (9,635) | — | (6,023) |
| Addition to investment properties under development | | (211,221) | (133,240) | (41,496) | (13,055) | (11,953) |
| Addition to other property, plant and equipment | | (13,651) | (23,030) | (22,449) | (7,188) | (9,484) |
| Proceeds from disposal of other property, plant and equipment | | 69 | 8 | 522 | 522 | 76 |
| Deposits received/proceeds from non-current assets classified as held for sale | | — | 14,386 | 6,320 | 6,320 | — |
| Proceeds from disposal of investment properties | | — | 33,847 | 60,041 | — | 13,391 |
| Interest received | | 3,967 | 5,352 | 7,557 | 2,755 | 5,252 |
| (Increase)/decrease in restricted deposits | | (801) | (1,622) | 17,166 | — | 3,390 |
| **Net cash (used in)/generated from investing activities** | | (221,637) | (124,380) | 18,026 | (10,646) | (5,351) |

## 5 Consolidated cash flow statements (continued)

| | Section B Note | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| **Financing activities** | | | | | | |
| Proceeds from new bank loans | | 1,902,300 | 3,467,085 | 3,136,255 | 1,527,200 | 3,224,715 |
| Repayment of bank loans | | (1,225,995) | (2,586,178) | (2,857,620) | (874,674) | (1,861,342) |
| Proceeds from other loans | | 302,050 | 310,000 | 300,000 | 100,000 | 495,000 |
| Repayment of other loans | | — | (302,050) | — | — | (410,000) |
| Decrease/(increase) in pledged deposits | | 24,969 | 243 | (177,028) | 54,259 | (469,209) |
| Interest and other borrowing costs paid | | (268,367) | (441,279) | (501,126) | (251,380) | (270,307) |
| Capital contribution from equity shareholders of the Company | 24 | 64,000 | 140,000 | 6,930 | 6,930 | — |
| Capital contribution from a non-controlling shareholder | | — | — | 3,570 | 3,570 | — |
| Cash distributed to the founder on reorganization | | (301,542) | (800,686) | — | — | (15,079) |
| Dividends paid to the founder | | (340,693) | (105,000) | — | — | — |
| **Net cash generated from/(used in) financing activities** | | 156,722 | (317,865) | (89,019) | 565,905 | 693,778 |
| **Net (decrease)/increase in cash and cash equivalents** | | (105,758) | 58,998 | 1,577,158 | 714,327 | (222,113) |
| **Effect of foreign exchange rate changes** | | (41) | (139) | 29 | 64 | (27) |
| **Cash and cash equivalents at January 1,** | | 1,006,621 | 900,822 | 959,681 | 959,681 | 2,536,868 |
| **Cash and cash equivalents at December 31,/June 30,** | 19 | 900,822 | 959,681 | 2,536,868 | 1,674,072 | 2,314,728 |

The accompanying notes form part of the Financial Information.

## B NOTES TO CONSOLIDATED FINANCIAL INFORMATION

## 1 SIGNIFICANT ACCOUNTING POLICIES

### *(a) Statement of compliance*

The Financial Information set out in this report has been prepared in accordance with HKFRSs, which collective term includes Hong Kong Accounting Standards ("HKASs") and related interpretations, issued by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period ended June 30, 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on or after January 1, 2013 are set out in note 29.

This Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the [●].

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended June 30, 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

### *(b) Basis of preparation and presentation*

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence.

Mr. Ji Haipeng ("Mr. Ji") 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, property leasing and construction. In preparation for [●], the Company has completed the Reorganization on April 1, 2013, details of which are set out in the section headed "History and Reorganization" in the document. The Reorganization includes the following key steps:

(a) On April 1, 2008, Shenzhen Youkaisi Investment Co., Ltd. ("Shenzhen Youkaisi") was established in the PRC by the sole shareholder, Logan Real Estate Holdings Co., Ltd. ("Logan Real Estate"), which was controlled by Mr. Ji. Throughout the period from 2009 to April 1, 2013, Shenzhen Youkaisi acquired various subsidiaries established in the PRC from Logan Real Estate.

(b) On May 14, 2010, the Company was incorporated by Ms. Kei Perenna Hoi Ting ("Ms. Kei", previously known as Ms. Ji Peili), daughter of Mr. Ji, in the Cayman Islands. The Company acquired the entire issued share capital of Yuen Ming Investments Company Limited ("Yuen Ming Investments") from Ms. Kei on

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(b) Basis of preparation and presentation (continued)***

November 30, 2010 and the entire issued share capital of Noble Rhythm International Limited ("Noble Rhythm") from a third party unrelated to the Group on January 21, 2011.

(c) On March 31, 2011, Yuen Ming (Hong Kong) Investments Company Limited ("Yuen Ming") completed the acquisition of a 75% equity interest in Shenzhen Youkaisi. At the time of completion of such acquisition, Yuen Ming was wholly owned by Yuen Ming Investments and in turn wholly owned by the Company. Prior to this transaction, the Company has acquired a 25% equity interest in Shenzhen Youkaisi via the acquisition of Noble Rhythm (see below).

Upon completion of the Reorganization, Shenzhen Youkaisi became an indirect wholly owned subsidiary of the Company.

Under a declaration made by Ms. Kei, as detailed in the section headed "History and Reorganization" in the document, the ultimate control over all major affairs of all the companies that took part in the Reorganization, including the power over these companies, exposure, or rights, to variable returns from her involvement with these companies and the ability to use her power over these companies to affect the amount of returns, are being vested on Mr. Ji during and after the completion of the Reorganization. The control is not transitory, and, consequently, there was a continuation of the risks and benefits to Mr. Ji. Therefore, the Reorganization is considered a business combination under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" has been applied. The Financial Information has been prepared as if the Group had always been in existence. The net assets of the companies that took part in the Reorganization are consolidated using the existing book values from the controlling party's perspective.

The consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Relevant Periods as set out in Section A of this report include the results of the companies now comprising the Group (or where the companies were incorporated/established at a date later than January 1, 2010, for the period from the date of incorporation/establishment to June 30, 2013) as if the current group structure had been in existence and remained unchanged throughout all periods referred to in this report. The consolidated balance sheets of the Group as of December 31, 2010, 2011 and 2012 and June 30, 2013 as set out in Section A of this report have been prepared to present the state of affairs of the companies now comprising the Group as of the respective dates as if the current group structure had been in existence as of the respective dates.

On February 4, 2010, Kam Wang (Hong Kong) Investments Company Limited ("Kam Wang") acquired a 25% equity interest in Shenzhen Youkaisi. At the time of the acquisition, Kam Wang was wholly owned by Noble Rhythm. Purchase consideration for such acquisition has not been settled until the acquisition of Noble Rhythm by the Company on January 21, 2011 as noted above. Based on confirmation from the Company's legal advisors, an acquirer is not entitled to the benefits of acquired equity interest until the consideration for the acquisition has been settled in full. As a result, Kam Wang was not entitled to the benefits associated with the 25% equity interest in Shenzhen Youkaisi for the period from

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(b) Basis of preparation and presentation (continued)*

February 4, 2010 to January 21, 2011. Logan Real Estate, ultimately controlled by Mr. Ji, continued to be entitled to such benefits until the acquisition of Noble Rhythm by the Company on January 21, 2011. No economic interest in Shenzhen Youkaisi has been vested to parties other than the controlling shareholders during the Relevant Periods. As a result, for the purpose of the preparation of the Financial Information, there was no non-controlling interest in Shenzhen Youkaisi during the Relevant Periods.

Intra-group balances and transactions are eliminated in full in preparing the Financial Information.

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies and established in the PRC unless otherwise stated, particulars of which are set out below:

| | | Proportion of ownership interest | | | |
|---|---|---|---|---|---|
| **Name of subsidiaries** | **Issued and fully paid / registered capital** | **Group's effective interest** | **Held by the Company** | **Held by subsidiary** | **Principal activities** |
| Yuen Ming Investments Company Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Noble Rhythm International Limited (incorporated in the BVI) | US$50,000 | 100% | 100% | — | Investment holding |
| Jolly Gain Investments Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Tai Ying Investments Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Platinum Profit Investments Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Golden Prosper Investments Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Talent Union Investments Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Dragon Coronet Limited (incorporated in the BVI) | US$1 | 100% | 100% | — | Investment holding |
| Yuen Ming (Hong Kong) Investments Company Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Investment holding |
| Kam Wang (Hong Kong) Investments Company Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Investment holding |
| Jolly Gain (Hong Kong) Investments Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Inactive |
| Tai Ying (Hong Kong) Investments Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Inactive |
| Platinum Profit (Hong Kong) Investments Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Inactive |

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(b) Basis of preparation and presentation (continued)*

| Name of subsidiaries | Issued and fully paid / registered capital | Proportion of ownership interest: Group's effective interest | Held by the Company | Held by subsidiary | Principal activities |
|---|---|---|---|---|---|
| Golden Prosper (Hong Kong) Investments Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Inactive |
| Talent Union (Hong Kong) Investments Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Inactive |
| Grandview Architectural Design Services Limited (incorporated in Hong Kong) | HK$1 | 100% | — | 100% | Inactive |
| Shenzhen Youkaisi Investment Co., Ltd. (*note*) (深圳市優凱思投資有限公司) (formerly known as Shenzhen Logan Investment Consultancy Co., Ltd.) (*note)* (前稱深圳市龍光投資顧問有限公司) | RMB443,000,000 | 100% | — | 100% | Investment holding and provision of consultancy services to group companies |
| Logan Construction Co., Ltd. (*note*) (龍光工程建設有限公司) | RMB80,000,000 | 91% | — | 91% | Property construction and investment holding |
| Shantou Jiarun Property Co., Ltd. (*note*) (汕頭市佳潤房地產有限公司) | RMB10,000,000 | 100% | — | 100% | Property development |
| Shantou Jinfengyuan Realty Co., Ltd. (*note*) (汕頭市金峰園置業有限公司) | RMB66,000,000 | 100% | — | 100% | Property development |
| Guangzhou Logan Property Co., Ltd. (*note*) (廣州市龍光房地產有限公司) | RMB40,000,000 | 100% | — | 100% | Property development and investment |
| Guangzhou Logan Realty Co., Ltd. (*note*) (廣州市龍光置業有限公司) | RMB30,000,000 | 100% | — | 100% | Property development |
| Dongguan Logan Property Co., Ltd. (*note*) (東莞市龍光房地產有限公司) | RMB50,000,000 | 100% | — | 100% | Property development |
| Hainan Logan Property Development Co., Ltd. (*note*) (海南市龍光房地產開發有限公司) | RMB20,000,000 | 100% | — | 100% | Investment holding |
| Foshan Shunde Logan Realty Co., Ltd. (*note*) (佛山市順德區龍光置業房產有限公司) | RMB35,295,000 | 100% | — | 100% | Property development and investment holding |

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(b) Basis of preparation and presentation (continued)*

| Name of subsidiaries | Issued and fully paid / registered capital | Proportion of ownership interest: Group's effective interest | Proportion of ownership interest: Held by the Company | Proportion of ownership interest: Held by subsidiary | Principal activities |
|---|---|---|---|---|---|
| Guangdong Modern Construction Design and Consultation Co., Ltd. (*note*) (廣東現代建築設計與顧問有限公司) (formerly known as Shantou Logan Jianan Co., Ltd.) (*note*) (前稱汕頭龍建安有限公司) | RMB6,000,000 | 100% | — | 100% | Provision of construction design and consultation services |
| Zhongshan Logan Property Co., Ltd. (*note*) (中山市龍光房地產有限公司) | RMB30,000,000 | 100% | — | 100% | Property development and investment holding |
| Shantou Logan Property Co., Ltd. (*note*) (汕頭市龍光房地產有限公司) | RMB10,000,000 | 100% | — | 100% | Property development and investment holding |
| Shenzhen Chenrong Construction Materials Co., Ltd. (*note*) (深圳市宸榮建築材料有限公司) | RMB5,000,000 | 91% | — | 100% | Sales of construction materials to group companies |
| Shenzhen Yongjing Decorating Construction Co. Ltd. (*note*) (深圳市潤景裝飾工程有限公司) (formerly known as Shenzhen Logan Decorating Construction Co., Ltd.) (*note*) (前稱深圳市龍光裝飾工程有限公司) | RMB5,000,000 | 91% | — | 100% | Provision of decoration construction to group companies |
| Huizhou Logan Property Co., Ltd. (*note*) (惠州市龍光房地產有限公司) | RMB30,000,000 | 100% | — | 100% | Property development |
| Shenzhen Logan Media Planning Co., Ltd. (*note*) (深圳市龍光傳媒策劃有限公司) | RMB2,200,000 | 100% | — | 100% | Provision of advertising services to group companies and investment holding |
| Huizhou Daya Bay Logan Property Co., Ltd. (*note*) (惠州大亞灣龍光房地產有限公司) | RMB10,000,000 | 100% | — | 100% | Property development |
| Zhuhai Logan Property Development Co., Ltd. (*note*) (珠海市龍光房地產開發有限公司) | RMB30,000,000 | 100% | — | 100% | Property development and investment |
| Shantou Logan Realty Co., Ltd. (*note*) (汕頭市龍光置業有限公司) | RMB33,000,000 | 100% | — | 100% | Property development and investment |
| Nanning Logan Property Development Co., Ltd. (*note*) (南寧市龍光房地產開發有限公司) | RMB50,000,000 | 100% | — | 100% | Property development and investment and investment holding |

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(b) Basis of preparation and presentation (continued)*

| Name of subsidiaries | Issued and fully paid / registered capital | Proportion of ownership interest: Group's effective interest | Held by the Company | Held by subsidiary | Principal activities |
|---|---|---|---|---|---|
| Hainan Junjun Realty Co., Ltd. (*note*) (海南金駿置業有限公司) | RMB351,800,000 | 100% | — | 100% | Property development |
| Foshan Chancheng Logan Property Co., Ltd. (*note*) (佛山市禪城區龍光房地產有限公司) | RMB10,500,000 | 100% | — | 100% | Property development |
| Zhongshan Jinjun Property Co., Ltd. (*note*) (中山市金駿房地產有限公司) | RMB10,000,000 | 100% | — | 100% | Property development |
| Shantou Logan Jinjun Property Co., Ltd. (*note*) (汕頭市龍光金駿房地產有限公司) | RMB10,500,000 | 100% | — | 100% | Property development |
| Shenzhen Logan Investment Consultancy Co., Ltd. (*note*) (深圳市龍光投資顧問有限公司) | RMB10,000,000 | 100% | — | 100% | Investment holding |
| Shenzhen Logan Century Business Management Co. Ltd. (*note*) (深圳市龍光世紀商業管理有限公司) | RMB100,000,000 | 100% | — | 100% | Provision of management services to group companies |
| Shenzhen Logan Dongzhen Realty Co., Ltd. (*note*) (深圳市龍光東圳置業有限公司) | RMB30,000,000 | 100% | — | 100% | Investment holding |
| Shenzhen Logan Property Co., Ltd. (*note*) (深圳市龍光房地產有限公司) | RMB28,000,000 | 100% | — | 100% | Property development and investment |
| Nanning Logan Junchi Property Development Co., Ltd. (*note*) (南寧市龍光駿馳房地產開發有限公司) | RMB35,000,000 | 100% | — | 100% | Property development |
| Chengdu Logan Property Co., Ltd. (*note*) (成都市龍光房地產有限公司) | RMB10,000,000 | 100% | — | 100% | Property development |
| Nanning Logan Jinjun Property Development Co., Ltd. (*note*) (南寧市龍光金駿房地產開發有限公司) | RMB50,000,000 | 100% | — | 100% | Property development and investment |
| Foshan Nanhai Logan Realty Co., Ltd. (*note*) (佛山市南海區龍光置業房產有限公司) | RMB30,000,000 | 100% | — | 100% | Property development |
| Foshan Logan Sunshine Seaward Property Co., Ltd. (*note*) (佛山市龍光陽光海岸房地產有限公司) | RMB10,500,000 | 66% | — | 66% | Property development |
| Huizhou Daya Bay Dongzhen Property Co., Ltd. (*note*) (惠州大亞灣東圳房地產有限公司) | RMB30,000,000 | 100% | — | 100% | Property development and investment |
| Dongguan Logan Realty Co., Ltd. (*note*) (東莞市龍光置業有限公司) | RMB10,500,000 | 100% | — | 100% | Property development |

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Basis of preparation and presentation (continued)

| Name of subsidiaries | Issued and fully paid / registered capital | Proportion of ownership interest: Group's effective interest | Held by the Company | Held by subsidiary | Principal activities |
|---|---|---|---|---|---|
| Foshan Runjing Property Co., Ltd. (*note*) (佛山市順德區龍光潤景房地產有限公司) | RMB10,000,000 | 100% | — | 100% | Property development |
| Zhongshan Junchi Property Co., Ltd. (*note*) (中山市駿馳房地產有限公司) | RMB10,500,000 | 100% | — | 100% | Property development |

*Note:* The English translation of the names is for reference only. The official names of these entities are in Chinese.

### (c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except for investment properties are stated at their fair value (see note 1(f)).

### (d) Use of estimates and judgments

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 2.

### (e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The income and expenses of a subsidiary are included in the Financial Information from the date that control commences until the date that control ceases. Merger accounting is adopted

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(e) Subsidiaries and non-controlling interests (continued)***

for common control combinations in which all of the consolidating entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and control is not transitory.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized 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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year 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 accordance with notes 1(n) or (o) 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 recognized.

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 recognized in profit or loss. Any interest retain in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(w)).

***(f) Investment properties***

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) 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.

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(f) Investment properties (continued)***

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in profit or loss. Rental income from investment properties is accounted for as described in note 1(t)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(i).

***(g) Other property, plant and equipment***

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 1(h)) and impairment losses (see note 1(j)):

— other land and buildings; and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of borrowing costs (see note 1(v)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

***(h) Depreciation of fixed assets***

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciated on a straightline basis over the unexpired terms of the respective leases.

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(h) Depreciation of fixed assets (continued)***

(iv) Furniture, fixtures and other fixed assets

Depreciation is calculated to write-off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 10 years.

Where parts of an item of furniture, fixtures and other fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

***(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, with the following exception:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if it were held under a finance lease (see note 1(f)).

(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 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 leased asset. Lease incentives received are recognized 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 amortized on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(f)) or is held for development for sale (see note 1(k)).

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(j) Impairment of assets***

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

— For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortized cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(j) Impairment of assets (continued)***

(i) Impairment of investments in equity securities and other receivables (continued)

considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

— fixed assets (other than properties carried at revalued amounts);

— pre-paid interests in leasehold land classified as being held under an operating lease; and

— investments in subsidiaries in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(j) Impairment of assets (continued)***

(ii) Impairment of other assets (continued)

years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

***(k) Inventories***

Inventories are carried at the lower of cost and net realizable value. Cost and net realizable value are determined as follows:

(i) 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.

(ii) Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalized (see note 1(v)). Net realizable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties 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 realizable value represents the estimated selling price less costs to be incurred in selling the property.

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price, based on prevailing market conditions, less costs to be incurred in selling the property.

***(l) Construction contracts***

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(t)(iii). When the outcome of a construction contract can be estimated reliably, contract costs are recognized 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 recognized as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognized as an expense in the period in which they are incurred.

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(l) Construction contracts (continued)***

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognized profit less recognized 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".

***(m) Trade and other receivables***

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

***(n) Interest-bearing borrowings***

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

***(o) Trade and other payables***

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

***(p) Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

***(q) 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/period in which the

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(q) Employee benefits (continued)***

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 recognized 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.

***(r) Income tax***

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(r) Income tax (continued)***

the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(f), the amount of deferred tax recognized is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when liability to pay the related dividend is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

***(s) 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 is initially recognized as deferred income within trade and other payables. The fair value of

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(s) Financial guarantees issued, provisions and contingent liabilities (continued)*

(i) Financial guarantees issued (continued)

financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized 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 recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(s)(ii) 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 recognized, less accumulated amortization.

(ii) Other provisions and contingent liabilities

Provisions are recognized 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.

### *(t) 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 recognized in profit or loss as follows:

(i) Sale of properties

Revenue from the sale of properties is recognized in profit or loss 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

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(t) Revenue recognition (continued)***

(i) Sale of properties (continued)

properties are completed and delivered to the buyers. Revenue from the sale of properties excludes business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

(ii) 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.

(iii) Construction income

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable.

(iv) Interest income

Interest income is recognized as it accrues using the effective interest method.

(v) Government subsidies

Government subsidies are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Subsidies that compensate the Group 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.

(vi) Design fee and construction management service income

Design fee and construction management service income are recognized at the time when the services are provided.

***(u) Translation of foreign currencies***

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(u) Translation of foreign currencies (continued)***

currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

***(v) Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

***(w) Non-current assets held for sale***

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(w) Non-current assets held for sale (continued)***

accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognized at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognized in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortized.

***(x) Related parties***

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) 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).

(ii) 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).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

***(y) Segment reporting***

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(y) Segment reporting (continued)***

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 not individually material may be aggregated if they share a majority of these criteria.

**2 ACCOUNTING ESTIMATES AND JUDGMENTS**

The key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below.

***(i) Valuation of investment properties***

As described in note 14, 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.

***(ii) Impairment of non-current assets***

If circumstances indicate that the carrying amounts of fixed assets (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognized when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgments, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

***(iii) Write-down of inventories for property development***

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realizable value has declined below the carrying amount.

**2 ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

***(iii) Write-down of inventories for property development (continued)***

In determining the net realizable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of properties under development for sale, the estimate of net realizable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

***(iv) Construction contracts***

As explained in policy notes 1(l) and 1(t)(iii) 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 17 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 recognized in future years as an adjustment to the amounts recorded to date.

***(v) Land Appreciation Tax ("LAT")***

As explained in note 8(a)(iv), 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 each balance sheet date. Any increase or decrease in actual outcomes/estimates would affect income statement in the period in which such determination is made.

***(vi) Recognition of deferred tax assets***

The realizability of deferred tax assets mainly depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which deferred tax assets can be utilized. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognized in profit or loss for the period in which such as reversal takes place.

## 3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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 the financial risk management policies and practices used by the 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 limit exposure 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 installments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimize 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 minimize any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

### *(b) Liquidity risk*

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

## 3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

### *(b) Liquidity risk (continued)*

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

| | At June 30, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Balance sheet carrying amount |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 3,358,647 | 1,575,394 | 2,864,429 | 1,019,901 | 8,818,371 | 7,353,515 |
| Trade payables | 1,731,051 | 160,131 | — | — | 1,891,182 | 1,891,182 |
| Other payables and accrued charges | 286,544 | — | — | — | 286,544 | 286,544 |
| Other loans | 64,012 | 729,434 | — | — | 793,446 | 695,000 |
| Amounts due to related companies | 269,343 | — | — | — | 269,343 | 269,343 |
| Amount due to a non-controlling shareholder | 56,827 | — | — | — | 56,827 | 56,827 |
| Amount due to the founder | 7 | — | — | — | 7 | 7 |
| | 5,766,431 | 2,464,959 | 2,864,429 | 1,019,901 | 12,115,720 | 10,552,418 |

| | At December 31, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Balance sheet carrying amount |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 2,228,404 | 2,651,479 | 1,341,956 | 1,117,812 | 7,339,651 | 6,014,235 |
| Trade payables | 1,566,186 | 221,458 | — | — | 1,787,644 | 1,787,644 |
| Other payables and accrued charges | 355,078 | — | — | — | 355,078 | 355,078 |
| Other loans | 431,960 | 211,357 | — | — | 643,317 | 604,096 |
| Amounts due to related companies | 1,388,076 | — | — | — | 1,388,076 | 1,388,076 |
| Amount due to a non-controlling shareholder | 56,827 | — | — | — | 56,827 | 56,827 |
| | 6,026,531 | 3,084,294 | 1,341,956 | 1,117,812 | 11,570,593 | 10,205,956 |

## 3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

### (b) *Liquidity risk (continued)*

| | At December 31, 2011 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Balance sheet carrying amount |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 1,902,333 | 1,721,465 | 2,363,022 | 795,894 | 6,782,714 | 5,735,510 |
| Trade payables | 1,121,740 | 176,348 | — | — | 1,298,088 | 1,298,088 |
| Other payables and accrued charges | 528,499 | — | — | — | 528,499 | 528,499 |
| Other loans | 315,904 | — | — | — | 315,904 | 288,596 |
| Amounts due to related companies | 1,598,885 | — | — | — | 1,598,885 | 1,598,885 |
| Amounts due to related parties | 17,431 | — | — | — | 17,431 | 17,431 |
| Amount due to the shareholder | 9,728 | — | — | — | 9,728 | 9,728 |
| Amount due to the founder | 11,998 | — | — | — | 11,998 | 11,998 |
| | 5,506,518 | 1,897,813 | 2,363,022 | 795,894 | 10,563,247 | 9,488,735 |

| | At December 31, 2010 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Balance sheet carrying amount |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | 732,939 | 2,623,380 | 2,009,593 | 65,982 | 5,431,894 | 4,878,225 |
| Trade payables | 611,932 | 166,123 | — | — | 778,055 | 778,055 |
| Other payables and accrued charges | 209,173 | — | — | — | 209,173 | 209,173 |
| Other loans | 323,996 | — | — | — | 323,996 | 302,050 |
| Amounts due to related companies | 865,800 | — | — | — | 865,800 | 865,800 |
| Amounts due to related parties | 4,680 | — | — | — | 4,680 | 4,680 |
| Amount due to the shareholder | 10,211 | — | — | — | 10,211 | 10,211 |
| | 2,758,731 | 2,789,503 | 2,009,593 | 65,982 | 7,623,809 | 7,048,194 |

**3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)**

***(c) Interest rate risk***

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and bank 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 of the Group is disclosed in note 22(i) to the Financial Information. The Group does not carry out any hedging activities to manage its interest rate exposure.

***Sensitivity analysis***

At June 30, 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB55,151,000 (December 31, 2012: RMB45,107,000; December 31, 2011: RMB43,106,000; December 31, 2010: RMB36,587,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years 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. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and certain of the general and administrative expenses settled in Hong Kong dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

## 3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

### *(e) Fair values*

(i) Assets measured at fair value

(a) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the balance sheet date on a recurring basis, categorized into the three-level fair value hierarchy as defined in [●] 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

| | | Fair value measurements as at each balance sheet date categorized into | | |
|---|---|---|---|---|
| | Fair value at each balance sheet date RMB'000 | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| **Recurring fair value measurement** | | | | |
| *At June 30, 2013* | | | | |
| Fixed assets (note 14): | | | | |
| — Investment properties | 3,587,000 | — | — | 3,587,000 |
| — Investment properties under developments | 190,000 | — | — | 190,000 |
| *At December 31, 2012* | | | | |
| Fixed assets (note 14): | | | | |
| — Investment properties | 3,546,000 | — | — | 3,546,000 |
| — Investment properties under developments | 190,000 | — | — | 190,000 |
| *At December 31, 2011* | | | | |
| Fixed assets (note 14): | | | | |
| — Investment properties | 2,658,000 | — | — | 2,658,000 |
| — Investment properties under developments | 217,000 | — | — | 217,000 |
| Non-current assets classified as held for sale (note 20) | 20,706 | — | — | 20,706 |
| *At December 31, 2010* | | | | |
| Fixed assets (note 14): | | | | |
| — Investment properties | 1,683,000 | — | — | 1,683,000 |
| — Investment properties under developments | 209,000 | — | — | 209,000 |

During the six months ended June 30, 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (December 31, 2012: Nil; December 31, 2011: Nil; December 31, 2010: Nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the balance sheet dates in which they occur.

## 3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

### *(e) Fair values (continued)*

(i) Assets measured at fair value (continued)

(a) Fair value hierarchy (continued)

All of the Group's investment properties (including non-current assets classified as held for sale at December 31, 2011) and investment properties under developments were revalued as at December 31, 2010, 2011 and 2012 and June 30, 2013. The valuations were carried out by an independent firm of surveyors, [●], who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the finance director have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each balance sheet date.

(b) Information about Level 3 fair value measurements

| | **Valuation techniques** | **Significant unobservable inputs** | **Range (weighted average)** |
|---|---|---|---|
| *At June 30, 2013* | | | |
| Investment properties | Income capitalization method | Market monthly rental rate (RMB/sq.m.) | 33-264 (195) |
| | | Capitalization rate | 4.25%-6.0% (4.95%) |
| Investment properties under developments | Direct comparison approach | Market unit sale rate (RMB/sq.m.) | 16,500-17,000 (16,771) |
| *At December 31, 2012* | | | |
| Investment properties | Income capitalization method | Market monthly rental rate (RMB/sq.m.) | 33-264 (192) |
| | | Capitalization rate | 4.25%-6.0% (4.96%) |
| Investment properties under developments | Direct comparison approach | Market unit sale rate (RMB/sq.m.) | 15,000-16,500 (15,687) |
| *At December 31, 2011* | | | |
| Investment properties | Income capitalization method | Market monthly rental rate (RMB/sq.m.) | 33-215 (172) |
| | | Capitalization rate | 4.25%-6.0% (4.81%) |
| Investment properties under developments | Direct comparison approach | Market unit sale rate (RMB/sq.m.) | 9,400-13,500 (10,963) |
| Non-current assets classified as held for sale | Income capitalization method | Market monthly rental rate (RMB/sq.m.) | 195-215 (205) |
| | | Capitalization rate | 4.25%-4.5% (4.38%) |
| *At December 31, 2010* | | | |
| Investment properties | Income capitalization method | Market monthly rental rate (RMB/sq.m.) | 56-170 (119) |
| | | Capitalization rate | 4.25%-6.0% (4.76%) |
| Investment properties under developments | Direct comparison approach | Market unit sale rate (RMB/sq.m.) | 8,200-11,000 (9,322) |

**3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)**

***(e) Fair values (continued)***

(i) Assets measured at fair value (continued)

(b) Information about Level 3 fair value measurements (continued)

The fair values of investment properties (including non-current assets classified as held for sale at December 31, 2011) is determined using the income capitalization method by capitalizing 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, and negatively correlated to capitalization rate.

The investment properties under developments have been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans. They are determined using the direct comparison approach by making references to comparable sale evidence as available in the relevant market, with adjustments for development costs to be expended to complete the properties. The fair value measurement is positively correlated to the market unit sale rate.

The movements during the years/period in the balance of Level 3 fair value measurements are as follows:

| | Investment properties | Investment properties under developments | Non-current assets classified as held for sale |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2010 | 274,000 | 711,000 | — |
| Additions | — | 211,221 | — |
| Transfer to investment properties | 823,078 | (823,078) | — |
| Changes in fair values recognized in profit or loss during the year | 585,922 | 109,857 | — |
| At December 31, 2010 | 1,683,000 | 209,000 | — |
| Total gains or losses for the year included in profit or loss | 585,922 | 109,857 | — |
| At January 1, 2011 | 1,683,000 | 209,000 | — |
| Additions | 20,081 | 133,240 | — |
| Transfer to investment properties | 172,329 | (172,329) | — |
| Transfer from inventories | 8,938 | — | — |
| Transfer to non-current assets classified as held for sale | (20,706) | — | 20,706 |
| Disposals | (22,268) | — | — |
| Changes in fair values recognized in profit or loss during the year | 816,626 | 47,089 | — |
| At December 31, 2011 | 2,658,000 | 217,000 | 20,706 |
| Total gains or losses for the year included in profit or loss | 828,205 | 47,089 | — |

## 3 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

### *(e) Fair values (continued)*

(i) Assets measured at fair value (continued)

(b) Information about Level 3 fair value measurements (continued)

| | Investment properties | Investment properties under developments | Non-current assets classified as held for sale |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2012 | 2,658,000 | 217,000 | 20,706 |
| Additions | 9,635 | 41,496 | — |
| Transfer to investment properties | 138,570 | (138,570) | — |
| Transfer from inventories | 32,477 | — | — |
| Disposals | (59,260) | — | (20,706) |
| Changes in fair values recognized in profit or loss during the year | 766,578 | 70,074 | — |
| At December 31, 2012 | 3,546,000 | 190,000 | — |
| Total gains or losses for the year included in profit or loss | 767,359 | 70,074 | — |
| At January 1, 2013 | 3,546,000 | 190,000 | — |
| Additions | 6,023 | 11,953 | — |
| Transfer to investment properties | 20,679 | (20,679) | — |
| Disposals | (17,482) | — | — |
| Changes in fair values recognized in profit or loss during the period | 31,780 | 8,726 | — |
| At June 30, 2013 | 3,587,000 | 190,000 | — |
| Total gains or losses for the period included in profit or loss | 27,689 | 8,726 | — |

The gain/(loss) on disposal of investment properties and changes in fair values of investment properties and investment properties under developments are presented in "other net (loss)/ income" and "net increase in fair value of investment properties" in the consolidated income statements respectively.

(ii) Fair values of assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their values as at December 31, 2010, 2011 and 2012 and June 30, 2013.

The carrying values of trade and other receivables, cash and cash equivalents, trade and other payables and current portion bank loans are estimated to approximate their fair values based on the nature or short-term maturity of these financial instruments.

## 4 TURNOVER

Turnover represents income from sale of properties, rental income and income from construction earned during the Relevant Periods, net of business tax and other sales related taxes and discounts allowed, and is analyzed as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Sale of properties | 2,515,400 | 3,172,677 | 6,296,738 | 1,468,963 | 2,967,480 |
| Rental income | 1,442 | 25,692 | 55,384 | 28,953 | 28,619 |
| Construction income | 334,817 | 249,105 | 235,538 | 68,502 | 336,106 |
| | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |

## 5 OTHER REVENUE

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Bank interest income | 3,967 | 5,352 | 7,557 | 2,755 | 5,252 |
| Design fee income | 4,738 | 1,444 | 9,092 | 5,303 | 820 |
| Government subsidies (note) | 3,968 | 5,130 | 2,182 | 1,011 | 635 |
| Forfeited deposits | 2,407 | 2,126 | 7,870 | 4,992 | 2,560 |
| Construction management service income | — | — | 2,861 | — | 1,237 |
| Others | 1,088 | 2,749 | 4,213 | 1,206 | 832 |
| | 16,168 | 16,801 | 33,775 | 15,267 | 11,336 |

*Note*: During the Relevant Periods, the Group received government subsidies from different local government bureaus as a recognition of the Group's investment in the relevant districts.

## 6 OTHER NET (LOSS)/INCOME

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Net gain/(loss) on disposal of fixed assets | 50 | 11,574 | 891 | 114 | (4,107) |
| Others | (247) | (258) | (369) | (130) | (765) |
| | (197) | 11,316 | 522 | (16) | (4,872) |

## 7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| (a) Finance costs: | | | | | |
| Interest on bank loans and other borrowings wholly repayable within five years | 250,629 | 307,032 | 394,284 | 212,568 | 210,386 |
| Interest on bank loans and other borrowings wholly repayable after five years | 726 | 35,306 | 99,747 | 35,304 | 33,065 |
| Other borrowing costs | 17,012 | 77,537 | 22,595 | 11,258 | 16,361 |
| | 268,367 | 419,875 | 516,626 | 259,130 | 259,812 |
| Less: Amount capitalized *(note)* | (263,320) | (323,591) | (346,408) | (172,879) | (196,311) |
| | 5,047 | 96,284 | 170,218 | 86,251 | 63,501 |

*Note:* The borrowing costs have been capitalized at rates ranging from 4.1% to 6.6%, 4.9% to 10.3% and 4.9% to 9.3% per annum for the three years ended December 31, 2010, 2011 and 2012 respectively and 4.9% to 9.3% and 6.2% to 11.3% per annum for the six months ended June 30, 2012 and 2013 respectively.

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| (b) Staff costs: | | | | | |
| Salaries, wages and other benefits | 94,376 | 137,737 | 167,786 | 80,384 | 99,057 |
| Contributions to defined contribution retirement plans | 4,528 | 7,808 | 10,317 | 4,727 | 7,447 |
| | 98,904 | 145,545 | 178,103 | 85,111 | 106,504 |
| Less: Amount capitalized | (37,205) | (22,191) | (10,272) | (5,374) | (3,663) |
| | 61,699 | 123,354 | 167,831 | 79,737 | 102,841 |
| (c) Other items: | | | | | |
| Depreciation | 17,885 | 18,553 | 23,452 | 10,987 | 10,721 |
| Less: Amount capitalized | (11,107) | (9,339) | (8,314) | (4,740) | (2,224) |
| | 6,778 | 9,214 | 15,138 | 6,247 | 8,497 |
| Rentals receivable from investment properties | (1,442) | (25,692) | (55,384) | (28,953) | (28,619) |
| Less: Direct outgoings | 276 | 57 | 1,219 | 673 | 551 |
| | (1,166) | (25,635) | (54,165) | (28,280) | (28,068) |
| Cost of properties sold | 1,791,361 | 1,845,150 | 3,825,570 | 881,046 | 2,022,098 |
| Cost of construction | 278,829 | 216,794 | 200,570 | 60,080 | 284,355 |
| Auditors' remuneration | 1,021 | 1,664 | 3,550 | 841 | 1,080 |
| Operating lease charges: minimum lease payments for land and buildings | 6,858 | 4,437 | 9,702 | 5,049 | 5,096 |

## 8 INCOME TAX

(a) Income tax in the consolidated income statements represents:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| **Current tax** | | | | | |
| Provision for PRC Corporate Income Tax ("CIT") for the year/period | 190,840 | 305,899 | 454,628 | 109,925 | 170,127 |
| Provision for LAT for the year/period | 62,068 | 138,896 | 334,116 | 70,864 | 102,255 |
| Provision for withholding tax for the year/period | — | 4,500 | — | — | — |
| | 252,908 | 449,295 | 788,744 | 180,789 | 272,382 |
| **Deferred tax** | | | | | |
| Origination and reversal of temporary differences | 108,601 | 112,506 | 169,574 | 71,149 | (16,445) |
| | 361,509 | 561,801 | 958,318 | 251,938 | 255,937 |

(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 Periods.

(iii) Effective from January 1, 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.

Certain PRC subsidiaries incorporated in Shenzhen and Shantou enjoyed a preferential tax rate of 22% and 24% for 2010 and 2011, respectively.

(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 January 1, 2008 and undistributed earnings generated prior to January 1, 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%. The Group has determined that its Hong Kong subsidiaries qualify for the 5% withholding tax rate.

## 8 INCOME TAX (continued)

(b) Reconciliation between income tax expense and accounting profit before taxation at applicable tax rates:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Profit before taxation | 1,301,130 | 1,824,955 | 2,775,287 | 767,363 | 698,196 |
| Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned | 312,383 | 447,774 | 696,972 | 193,532 | 169,162 |
| Tax effect of non-taxable income | (481) | (120) | (260) | (412) | (311) |
| Tax effect of non-deductible expenses | 2,309 | 4,250 | 7,932 | 2,703 | 4,837 |
| Utilization of previously unrecognized tax losses | — | (390) | (1,545) | (851) | (67) |
| Effect of tax losses not recognized | 684 | 2,064 | 909 | 1,755 | 4,802 |
| PRC dividend withholding tax | — | 4,500 | — | — | — |
| LAT | 62,068 | 138,896 | 334,116 | 70,864 | 102,255 |
| Tax effect of deductible LAT | (15,454) | (35,173) | (79,806) | (15,653) | (24,741) |
| Actual income tax expense | 361,509 | 561,801 | 958,318 | 251,938 | 255,937 |

(c) Income tax in the consolidated balance sheets represents:

### (i) Current taxation

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *CIT* | | | | |
| At beginning of the year/period | 34,997 | 106,795 | 161,371 | 344,182 |
| Provision for the year/period | 190,840 | 305,899 | 454,628 | 170,127 |
| CIT tax paid | (119,042) | (251,323) | (271,817) | (407,143) |
| At end of year/period | 106,795 | 161,371 | 344,182 | 107,166 |
| *LAT* | | | | |
| At beginning of the year/period | (12,062) | 4,032 | 53,252 | 216,302 |
| Provision for the year/period | 62,068 | 138,896 | 334,116 | 102,255 |
| LAT tax paid | (45,974) | (89,676) | (171,066) | (111,228) |
| At end of year/period | 4,032 | 53,252 | 216,302 | 207,329 |
| *Withholding tax* | | | | |
| At beginning of the year/period | — | — | 4,500 | 4,500 |
| Provision for the year/period | — | 4,500 | — | — |
| At end of year/period | — | 4,500 | 4,500 | 4,500 |
| | 110,827 | 219,123 | 564,984 | 318,995 |
| *Representing:* | | | | |
| Tax recoverable | (38,559) | (76,390) | (59,863) | (219,303) |
| Tax payable | 149,386 | 295,513 | 624,847 | 538,298 |
| | 110,827 | 219,123 | 564,984 | 318,995 |

## 8 INCOME TAX (continued)

(c) Income tax in the consolidated balance sheets represents: (continued)

### (ii) Deferred tax assets and liabilities recognized

The components of deferred tax (assets)/liabilities recognized in the consolidated balance sheets and the movements during the year/period are as follows:

| | Revaluation of investment properties | Unrealized gain on intra-group transactions | Temporary differences arising from LAT provisions | Unused tax losses (*note*) | Others | Total |
|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Deferred tax arising from:* | | | | | | |
| At January 1, 2010 | 110,533 | (39,105) | (1,014) | (13,256) | — | 57,158 |
| Charged/(credited) to the consolidated income statement | 169,299 | (48,904) | (7,032) | (4,762) | — | 108,601 |
| At December 31, 2010 and January 1, 2011 | 279,832 | (88,009) | (8,046) | (18,018) | — | 165,759 |
| Charged/(credited) to the consolidated income statement | 211,622 | (58,889) | (16,684) | (26,395) | 2,852 | 112,506 |
| At December 31, 2011 and January 1, 2012 | 491,454 | (146,898) | (24,730) | (44,413) | 2,852 | 278,265 |
| Charged/(credited) to the consolidated income statement | 197,819 | 17,405 | (41,913) | (4,965) | 1,228 | 169,574 |
| At December 31, 2012 and January 1, 2013 | 689,273 | (129,493) | (66,643) | (49,378) | 4,080 | 447,839 |
| Charged/(credited) to the consolidated income statement | 6,819 | 2,737 | (10,711) | (15,609) | 319 | (16,445) |
| At June 30, 2013 | 696,092 | (126,756) | (77,354) | (64,987) | 4,399 | 431,394 |

| | As December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Net deferred tax assets recognized in the consolidated balance sheets | (114,074) | (216,896) | (245,514) | (269,098) |
| Net deferred tax liabilities recognized in the consolidated balance sheets | 279,833 | 495,161 | 693,353 | 700,492 |
| | 165,759 | 278,265 | 447,839 | 431,394 |

*Note:* In assessing the realizability 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 recognized deferred tax assets of RMB64,987,000 as at June 30, 2013 (December 31, 2012: RMB49,378,000; December 31, 2011: RMB44,413,000; December 31, 2010: RMB18,018,000) as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilization.

## 8 INCOME TAX (continued)

(d) Deferred tax assets not recognized:

Deferred tax assets have not been recognized in respect of the following item:

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Unused tax losses | | | | |
| — PRC *(note)* | 5,010 | 11,704 | 9,161 | 28,101 |

*Note:* The Group has not recognized deferred tax assets in respect of unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. As at June 30, 2013, tax loss of RMB339,000, RMB2,086,000, RMB2,829,000, RMB3,637,000 and RMB19,210,000 will expire, if unused, by the end of 2014, 2015, 2016, 2017 and 2018, respectively.

(e) Deferred tax liabilities not recognized

The Group did not provide for deferred tax liabilities on earnings generated by its PRC entities for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 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 June 30, 2013, temporary differences relating to such undistributed profits are RMB4,220,154,000 (December 31, 2012: RMB3,784,125,000; December 31, 2011: RMB1,640,583,000; December 31, 2010: RMB412,362,000).

## 9 OTHER COMPREHENSIVE INCOME

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 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 entities | 4 | 24,226 | (67) | (2,810) | 9,678 |

There is no tax effect relating to the above component of other comprehensive income.

## 10 DIRECTORS' REMUNERATION

Details of directors' remuneration during the Relevant Periods are as follows:

| | Year ended December 31, 2010 | | | | |
|---|---|---|---|---|---|
| | Fees | Basic salaries, allowances and benefits in kind | Bonuses | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive Directors* | | | | | |
| Ji Haipeng | — | 1,240 | — | 7 | 1,247 |
| Ji Jiande | — | 720 | — | 9 | 729 |
| Lai Zhuobin | — | 428 | — | 7 | 435 |
| Xiao Xu | — | 397 | — | 10 | 407 |
| *Non-executive Directors* | | | | | |
| Kei Perenna Hoi Ting | — | — | — | — | — |
| Total | — | 2,785 | — | 33 | 2,818 |

| | Year ended December 31, 2011 | | | | |
|---|---|---|---|---|---|
| | Fees | Basic salaries, allowances and benefits in kind | Bonuses | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive Directors* | | | | | |
| Ji Haipeng | — | 3,014 | — | 27 | 3,041 |
| Ji Jiande | — | 960 | — | 20 | 980 |
| Lai Zhuobin | — | 580 | — | 20 | 600 |
| Xiao Xu | — | 580 | — | 34 | 614 |
| *Non-executive Directors* | | | | | |
| Kei Perenna Hoi Ting | — | — | — | — | — |
| Total | — | 5,134 | — | 101 | 5,235 |

| | Year ended December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | Fees | Basic salaries, allowances and benefits in kind | Bonuses | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive Directors* | | | | | |
| Ji Haipeng | — | 3,310 | 740 | 43 | 4,093 |
| Ji Jiande | — | 921 | 360 | 32 | 1,313 |
| Lai Zhuobin | — | 522 | 168 | 28 | 718 |
| Xiao Xu | — | 522 | 168 | 42 | 732 |
| *Non-executive Directors* | | | | | |
| Kei Perenna Hoi Ting | — | — | — | — | — |
| Total | — | 5,275 | 1,436 | 145 | 6,856 |

## 10 DIRECTORS' REMUNERATION (continued)

| | Year ended June 30, 2012 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | Fees | Basic salaries, allowances and benefits in kind | Bonuses | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive Directors* | | | | | |
| Ji Haipeng | — | 1,694 | — | 30 | 1,724 |
| Ji Jiande | — | 475 | — | 16 | 491 |
| Lai Zhuobin | — | 262 | — | 13 | 275 |
| Xiao Xu | — | 262 | — | 15 | 277 |
| *Non-executive Directors* | | | | | |
| Kei Perenna Hoi Ting | — | — | — | — | — |
| Total | — | 2,693 | — | 74 | 2,767 |

| | Year ended June 30, 2013 | | | | |
|---|---|---|---|---|---|
| | Fees | Basic salaries, allowances and benefits in kind | Bonuses | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive Directors* | | | | | |
| Ji Haipeng | — | 2,037 | — | 30 | 2,067 |
| Ji Jiande | — | 658 | — | 24 | 682 |
| Lai Zhuobin | — | 352 | — | 24 | 376 |
| Xiao Xu | — | 352 | — | 24 | 376 |
| *Non-executive Directors* | | | | | |
| Kei Perenna Hoi Ting | — | — | — | — | — |
| Total | — | 3,399 | — | 102 | 3,501 |

*Notes:*

(i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods. No director waived or agreed to waive any emoluments during the Relevant Periods.

(ii) The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the Relevant Periods.

(iii) Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suichang were appointed as the Company's Independents Non-executive Directors on November 18, 2013.

## 11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the Relevant Periods include 2 directors for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining individuals are as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Salaries, allowances and benefits in kind | 1,725 | 3,334 | 3,000 | 1,550 | 2,651 |
| Discretionary bonuses | — | — | 750 | — | — |
| Retirement scheme contributions | 16 | 89 | 107 | 47 | 44 |
| | 1,741 | 3,423 | 3,857 | 1,597 | 2,695 |

The above individuals' emoluments are within the following bands:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| HK$Nil to HK$1,000,000 | 3 | — | — | 3 | 2 |
| HK$1,000,001 to HK$1,500,000 | — | 3 | 1 | — | 1 |
| HK$1,500,001 to HK$2,000,000 | — | — | 2 | — | — |
| | 3 | 3 | 3 | 3 | 3 |

## 12 BASIC EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful as the proposed capitalization issue, pursuant to the shareholders' resolution dated November 18, 2013 (see Note 32), has not become effective as at the date of this report.

## 13 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (product 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 presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Property development: this segment develops and sells residential properties and retail shops.

— Property leasing: this segment leases office units and retail shops 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.

— Construction contracts: this segment constructs office premises and residential buildings for external customers and for group companies. Currently the Group's activities in this regard are carried out in the PRC.

## 13 SEGMENT REPORTING (continued)

### *(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 attributable to each reportable segment on the following bases:

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 of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortization". To arrive at "adjusted EBITDA" the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments and depreciation to non-current segment assets used by the segments in their operations. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

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 each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 is set out below.

*For the year ended December 31, 2010*

| | Property development | Property leasing | Construction contracts | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue from external customers | 2,515,400 | 1,442 | 334,817 | 2,851,659 |
| Inter-segment revenue | — | — | 1,854,087 | 1,854,087 |
| **Reportable segment revenue** | 2,515,400 | 1,442 | 2,188,904 | 4,705,746 |
| **Reportable segment profit (adjusted EBITDA)** | 587,541 | 1,165 | 40,774 | 629,480 |
| Bank interest income | 3,360 | — | 601 | 3,961 |
| Finance costs | (1,097) | — | (3,948) | (5,045) |
| Depreciation | (6,565) | — | (48) | (6,613) |
| Increase in fair value of investment properties | — | 695,779 | — | 695,779 |

## 13 SEGMENT REPORTING (continued)

### *(a) Segment results, assets and liabilities (continued)*

*For the year ended December 31, 2011*

| | Property development | Property leasing | Construction contracts | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue from external customers | 3,172,677 | 25,692 | 249,105 | 3,447,474 |
| Inter-segment revenue | — | — | 2,654,573 | 2,654,573 |
| **Reportable segment revenue** | 3,172,677 | 25,692 | 2,903,678 | 6,102,047 |
| **Reportable segment profit/(loss) (adjusted EBITDA)** | 1,098,146 | 25,634 | (23,220) | 1,100,560 |
| Bank interest income | 3,966 | — | 1,092 | 5,058 |
| Finance costs | (59,518) | — | (12,352) | (71,870) |
| Depreciation | (8,701) | — | (48) | (8,749) |
| Increase in fair value of investment properties | — | 863,715 | — | 863,715 |

*For the year ended December 31, 2012*

| | Property development | Property leasing | Construction contracts | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue from external customers | 6,296,738 | 55,384 | 235,538 | 6,587,660 |
| Inter-segment revenue | — | — | 2,331,432 | 2,331,432 |
| **Reportable segment revenue** | 6,296,738 | 55,384 | 2,566,970 | 8,919,092 |
| **Reportable segment profit (adjusted EBITDA)** | 2,114,429 | 54,165 | 10,874 | 2,179,468 |
| Bank interest income | 5,503 | — | 1,481 | 6,984 |
| Finance costs | (67,318) | — | (59,513) | (126,831) |
| Depreciation | (10,432) | — | (27) | (10,459) |
| Increase in fair value of investment properties | — | 836,652 | — | 836,652 |

*For the six months ended June 30, 2012 (Unaudited)*

| | Property development | Property leasing | Construction contracts | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue from external customers | 1,468,963 | 28,953 | 68,502 | 1,566,418 |
| Inter-segment revenue | — | — | 614,135 | 614,135 |
| **Reportable segment revenue** | 1,468,963 | 28,953 | 682,637 | 2,180,553 |
| **Reportable segment profit (adjusted EBITDA)** | 458,741 | 28,280 | 4,126 | 491,147 |
| Bank interest income | 1,842 | — | 625 | 2,467 |
| Finance costs | (38,390) | — | (29,532) | (67,922) |
| Depreciation | (5,354) | — | (15) | (5,369) |
| Increase in fair value of investment properties | — | 395,945 | — | 395,945 |

## 13 SEGMENT REPORTING (continued)

### (a) *Segment results, assets and liabilities (continued)*

*For the six months ended June 30, 2013*

| | Property development | Property leasing | Construction contracts | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue from external customers | 2,967,480 | 28,619 | 336,106 | 3,332,205 |
| Inter-segment revenue | — | — | 1,082,597 | 1,082,597 |
| **Reportable segment revenue** | 2,967,480 | 28,619 | 1,418,703 | 4,414,802 |
| **Reportable segment profit (adjusted EBITDA)** | 753,120 | 28,068 | 27,100 | 808,288 |
| Bank interest income | 3,275 | — | 1,724 | 4,999 |
| Finance costs | (33,144) | — | (24,561) | (57,705) |
| Depreciation | (3,843) | — | (169) | (4,012) |
| Net increase in fair value of investment properties | — | 40,506 | — | 40,506 |

### (b) *Reconciliation of reportable segment revenue and profit or loss*

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Revenue** | | | | | |
| Reportable segment revenue | 4,705,746 | 6,102,047 | 8,919,092 | 2,180,553 | 4,414,802 |
| Elimination of inter-segment revenue | (1,854,087) | (2,654,573) | (2,331,432) | (614,135) | (1,082,597) |
| Consolidated turnover | 2,851,659 | 3,447,474 | 6,587,660 | 1,566,418 | 3,332,205 |
| **Profit** | | | | | |
| Reportable segment profit derived from group's external customers | 629,480 | 1,100,560 | 2,179,468 | 491,147 | 808,288 |
| Other revenue and other net (loss)/income | 15,971 | 28,117 | 34,297 | 15,251 | 6,464 |
| Depreciation | (6,778) | (9,214) | (15,138) | (6,247) | (8,497) |
| Finance costs | (5,047) | (96,284) | (170,218) | (86,251) | (63,501) |
| Net increase in fair value of investment properties | 695,779 | 863,715 | 836,652 | 395,945 | 40,506 |
| Unallocated head office and corporate expenses | (28,275) | (61,939) | (89,774) | (42,482) | (85,064) |
| Consolidated profit before taxation | 1,301,130 | 1,824,955 | 2,775,287 | 767,363 | 698,196 |

### (c) *Geographic information*

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

## 14 FIXED ASSETS

| | Investment properties | Investment properties under development | Sub-total | Properties under development for own use | Other land and buildings | Leasehold improvement | Furniture, fixtures and other fixed assets | Sub-total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ***Cost or valuation:*** | | | | | | | | | |
| At January 1, 2010 | 274,000 | 711,000 | 985,000 | 14,575 | 13,928 | 11,850 | 96,460 | 136,813 | 1,121,813 |
| Additions | — | 211,221 | 211,221 | 5,105 | — | 900 | 7,646 | 13,651 | 224,872 |
| Transfer to investment properties | 823,078 | (823,078) | — | — | — | — | — | — | — |
| Transfer to other land and buildings | — | — | — | (19,680) | 19,680 | — | — | — | — |
| Disposals | — | — | — | — | — | — | (53) | (53) | (53) |
| Surplus on revaluation | 585,922 | 109,857 | 695,779 | — | — | — | — | — | 695,779 |
| At December 31, 2010 | 1,683,000 | 209,000 | 1,892,000 | — | 33,608 | 12,750 | 104,053 | 150,411 | 2,042,411 |
| ***Representing:*** | | | | | | | | | |
| Cost | — | — | — | — | 33,608 | 12,750 | 104,053 | 150,411 | 150,411 |
| Valuation | 1,683,000 | 209,000 | 1,892,000 | — | — | — | — | — | 1,892,000 |
| | 1,683,000 | 209,000 | 1,892,000 | — | 33,608 | 12,750 | 104,053 | 150,411 | 2,042,411 |
| ***Accumulated depreciation:*** | | | | | | | | | |
| At January 1, 2010 | — | — | — | — | 1,113 | 4,724 | 35,596 | 41,433 | 41,433 |
| Charge for the year | — | — | — | — | 589 | 2,400 | 14,896 | 17,885 | 17,885 |
| Written back on disposals | — | — | — | — | — | — | (34) | (34) | (34) |
| At December 31, 2010 | — | — | — | — | 1,702 | 7,124 | 50,458 | 59,284 | 59,284 |
| ***Net book value:*** | | | | | | | | | |
| At December 31, 2010 | 1,683,000 | 209,000 | 1,892,000 | — | 31,906 | 5,626 | 53,595 | 91,127 | 1,983,127 |

## 14 FIXED ASSETS (continued)

| | Investment properties | Investment properties under development | Sub-total | Properties under development for own use | Other land and buildings | Leasehold improvement | Furniture, fixtures and other fixed assets | Sub-total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ***Cost or valuation:*** | | | | | | | | | |
| At January 1, 2011 | 1,683,000 | 209,000 | 1,892,000 | — | 33,608 | 12,750 | 104,053 | 150,411 | 2,042,411 |
| Additions | 20,081 | 133,240 | 153,321 | — | 464 | 9,895 | 12,671 | 23,030 | 176,351 |
| Transfer to investment properties | 172,329 | (172,329) | — | — | — | — | — | — | — |
| Transfer from inventories | 8,938 | — | 8,938 | — | — | — | — | — | 8,938 |
| Disposals | (22,268) | — | (22,268) | — | — | — | (136) | (136) | (22,404) |
| Transfer to non-current assets classified as held for sale | (20,706) | — | (20,706) | — | — | — | — | — | (20,706) |
| Surplus on revaluation | 816,626 | 47,089 | 863,715 | — | — | — | — | — | 863,715 |
| At December 31, 2011 | 2,658,000 | 217,000 | 2,875,000 | — | 34,072 | 22,645 | 116,588 | 173,305 | 3,048,305 |
| ***Representing:*** | | | | | | | | | |
| Cost | — | — | — | — | 34,072 | 22,645 | 116,588 | 173,305 | 173,305 |
| Valuation | 2,658,000 | 217,000 | 2,875,000 | — | — | — | — | — | 2,875,000 |
| | 2,658,000 | 217,000 | 2,875,000 | — | 34,072 | 22,645 | 116,588 | 173,305 | 3,048,305 |
| ***Accumulated depreciation:*** | | | | | | | | | |
| At January 1, 2011 | — | — | — | — | 1,702 | 7,124 | 50,458 | 59,284 | 59,284 |
| Charge for the year | — | — | — | — | 1,430 | 2,640 | 14,483 | 18,553 | 18,553 |
| Written back on disposals | — | — | — | — | — | — | (123) | (123) | (123) |
| At December 31, 2011 | — | — | — | — | 3,132 | 9,764 | 64,818 | 77,714 | 77,714 |
| ***Net book value:*** | | | | | | | | | |
| At December 31, 2011 | 2,658,000 | 217,000 | 2,875,000 | — | 30,940 | 12,881 | 51,770 | 95,591 | 2,970,591 |

## 14 FIXED ASSETS (continued)

| | Investment properties | Investment properties under development | Sub-total | Properties under development for own use | Other land and buildings | Leasehold improvement | Furniture, fixtures and other fixed assets | Sub-total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ***Cost or valuation:*** | | | | | | | | | |
| At January 1, 2012 | 2,658,000 | 217,000 | 2,875,000 | — | 34,072 | 22,645 | 116,588 | 173,305 | 3,048,305 |
| Additions | 9,635 | 41,496 | 51,131 | — | — | 13,478 | 8,971 | 22,449 | 73,580 |
| Transfer to investment properties | 138,570 | (138,570) | — | — | — | — | — | — | — |
| Transfer from inventories | 32,477 | — | 32,477 | — | — | — | — | — | 32,477 |
| Disposals | (59,260) | — | (59,260) | — | — | — | (1,776) | (1,776) | (61,036) |
| Surplus on revaluation | 766,578 | 70,074 | 836,652 | — | — | — | — | — | 836,652 |
| At December 31, 2012 | 3,546,000 | 190,000 | 3,736,000 | — | 34,072 | 36,123 | 123,783 | 193,978 | 3,929,978 |
| ***Representing:*** | | | | | | | | | |
| Cost | — | — | — | — | 34,072 | 36,123 | 123,783 | 193,978 | 193,978 |
| Valuation | 3,546,000 | 190,000 | 3,736,000 | — | — | — | — | — | 3,736,000 |
| | 3,546,000 | 190,000 | 3,736,000 | — | 34,072 | 36,123 | 123,783 | 193,978 | 3,929,978 |
| ***Accumulated depreciation:*** | | | | | | | | | |
| At January 1, 2012 | — | — | — | — | 3,132 | 9,764 | 64,818 | 77,714 | 77,714 |
| Charge for the year | — | — | — | — | 1,512 | 7,779 | 14,161 | 23,452 | 23,452 |
| Written back on disposals | — | — | — | — | — | — | (1,364) | (1,364) | (1,364) |
| At December 31, 2012 | — | — | — | — | 4,644 | 17,543 | 77,615 | 99,802 | 99,802 |
| ***Net book value:*** | | | | | | | | | |
| At December 31, 2012 | 3,546,000 | 190,000 | 3,736,000 | — | 29,428 | 18,580 | 46,168 | 94,176 | 3,830,176 |

## 14 FIXED ASSETS (continued)

| | Investment properties | Investment properties under development | Sub-total | Properties under development for own use | Other land and buildings | Leasehold improvement | Furniture, fixtures and other fixed assets | Sub-total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ***Cost or valuation:*** | | | | | | | | | |
| At January 1, 2013 | 3,546,000 | 190,000 | 3,736,000 | — | 34,072 | 36,123 | 123,783 | 193,978 | 3,929,978 |
| Additions | 6,023 | 11,953 | 17,976 | — | — | 885 | 8,599 | 9,484 | 27,460 |
| Transfer to investment properties | 20,679 | (20,679) | — | — | — | — | — | — | — |
| Disposals | (17,482) | — | (17,482) | — | — | — | (2,008) | (2,008) | (19,490) |
| Surplus on revaluation | 31,780 | 8,726 | 40,506 | — | — | — | — | — | 40,506 |
| Exchange difference | — | — | — | — | — | (57) | (82) | (139) | (139) |
| At June 30, 2013 | 3,587,000 | 190,000 | 3,777,000 | | 34,072 | 36,951 | 130,292 | 201,315 | 3,978,315 |
| ***Representing:*** | | | | | | | | | |
| Cost | — | — | — | — | 34,072 | 36,951 | 130,292 | 201,315 | 201,315 |
| Valuation | 3,587,000 | 190,000 | 3,777,000 | — | — | — | — | — | 3,777,000 |
| | 3,587,000 | 190,000 | 3,777,000 | — | 34,072 | 36,951 | 130,292 | 201,315 | 3,978,315 |
| ***Accumulated depreciation:*** | | | | | | | | | |
| At January 1, 2013 | — | — | — | — | 4,644 | 17,543 | 77,615 | 99,802 | 99,802 |
| Charge for the year | — | — | — | — | 772 | 3,225 | 6,724 | 10,721 | 10,721 |
| Written back on disposals | — | — | — | — | — | — | (1,916) | (1,916) | (1,916) |
| Exchange difference | — | — | — | — | — | (11) | (1) | (12) | (12) |
| At June 30, 2013 | — | — | — | — | 5,416 | 20,757 | 82,422 | 108,595 | 108,595 |
| ***Net book value:*** | | | | | | | | | |
| At June 30, 2013 | 3,587,000 | 190,000 | 3,777,000 | — | 28,656 | 16,194 | 47,870 | 92,720 | 3,869,720 |

*Notes:*

(i) The analysis of net book value of properties is as follows:

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| In the PRC | | | | |
| — under long leases | 270,000 | 280,000 | 368,000 | 368,000 |
| — under medium-term leases | 1,653,906 | 2,625,940 | 3,397,428 | 3,437,656 |
| | 1,923,906 | 2,905,940 | 3,765,428 | 3,805,656 |

(ii) The Group's investment properties and investment properties under development were revalued as at December 31, 2010, 2011, 2012, and June 30, 2012 and 2013 by an independent firm of surveyors, [●], who have among their staff Fellows of The Hong Kong Institute of Surveyors, with recent experience in the location and category of property being valued.

## 14 FIXED ASSETS (continued)

The valuations of investment properties were carried out by [●] using the income capitalization method by capitalizing the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties.

The Group's investment properties under development have been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans. They were valued by [●] using direct comparison approach by making reference to comparable sale evidence as available in the relevant market with adjustments for development costs to be expended to complete the properties.

(iii) All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

(iv) The Group's certain investment properties, investment properties under development and properties under development for own use were pledged against the Group's bank loans, details of which is set out in note 22.

## 15 INVENTORIES

| | At December 31, | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | At June 30, 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Construction* | | | | |
| Raw materials | 29,054 | 10,679 | 11,867 | 5,195 |
| *Property development* | | | | |
| Properties held for development for sale | 1,461,549 | 1,813,323 | 2,977,932 | 4,779,900 |
| Properties under development for sale | 5,263,834 | 8,232,878 | 7,781,690 | 9,584,979 |
| Completed properties for sale | 1,014,584 | 1,520,082 | 2,502,035 | 1,697,897 |
| | 7,739,967 | 11,566,283 | 13,261,657 | 16,062,776 |
| | 7,769,021 | 11,576,962 | 13,273,524 | 16,067,971 |

(a) The analysis of carrying value of properties is as follows:

| | At December 31, | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | At June 30, 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| In the PRC | | | | |
| — under long leases | 7,409,565 | 11,259,061 | 13,261,657 | 16,062,776 |
| — under medium-term leases | 330,402 | 307,222 | — | — |
| | 7,739,967 | 11,566,283 | 13,261,657 | 16,062,776 |
| Including: | | | | |
| — Properties expected to be completed after more than one year | 3,151,059 | 5,377,389 | 330,887 | 1,918,287 |

(b) The Group's certain properties held for development for sale, properties under development for sale and completed properties for sale were pledged against the Group's bank loans and bank loans of related companies, details of which are set out in notes 22 and 27(b) respectively.

## 16 TRADE AND OTHER RECEIVABLES

| | At December 31, | | | At June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables *(note (v))* | 2,060 | 165,466 | 171,860 | 228,207 |
| Amounts due from customers for contract work (note 17) | 254,598 | — | — | — |
| Prepayments and other receivables | 318,796 | 372,726 | 468,884 | 567,903 |
| Land deposits *(note (iii))* | 588,694 | — | 1,095,576 | 846,366 |
| Amounts due from related companies *(note (iv))* | 61,384 | 178,977 | 152,770 | 172,087 |
| | 1,225,532 | 717,169 | 1,889,090 | 1,814,563 |

*Notes:*

(i) All of the trade and other receivables are expected to be recovered within one year.

(ii) The Group's credit policy is set out in note 3(a).

(iii) During the years ended December 31, 2009 and 2010, the Group entered into three land grant contracts for acquisition of the land in the PRC. As at December 31, 2010, a total of RMB588,694,000 was paid and recognized as deposits for the acquisition of those three pieces of land. During the year ended December 31, 2011, the acquisition of those three pieces of land was completed and respective land use rights certificates were obtained.

During the year ended December 31, 2012, the Group entered into four land grant contracts for acquisition of the land in the PRC. As at December 31, 2012, a total of RMB1,095,576,000 was paid and recognized as deposits for the acquisition of those four pieces of land. During the six months ended June 30, 2013, the acquisition of those four pieces of land was completed and respective land use rights certificates were obtained.

During the six months ended June 30, 2013, the Group entered into two land grant contracts for acquisition of the land in the PRC and as at June 30, 2013, a total of RMB846,366,000 was paid and recognized as deposit for the acquisition of the two pieces of land.

(iv) The amounts due from related companies are interest-free, unsecured and recoverable on demand.

(v) Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis, based on the invoice date, at the balance sheet dates:

| | At December 31, | | | At June 30, 2013 |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Current or less than 1 month overdue | 2,060 | 165,466 | 162,076 | 197,710 |
| More than 1 month overdue and up to 3 months overdue | — | — | — | — |
| More than 3 months overdue and up to 6 months overdue | — | — | — | — |
| More than 6 months overdue and up to 1 year overdue | — | — | — | 20,713 |
| More than 1 year overdue | — | — | 9,784 | 9,784 |
| | 2,060 | 165,466 | 171,860 | 228,207 |

(vi) Receivables which were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables which were overdue but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

## 17 CONSTRUCTION CONTRACTS

The aggregate amount of costs incurred plus recognized profits less recognized losses to date, included in the gross amount due from customers for contract work at December 31, 2010 is RMB254,598,000.

## 18 RESTRICTED AND PLEDGED DEPOSITS

| | At December 31, | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | At June 30, 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Restricted deposits | 38,978 | 40,600 | 23,434 | 20,044 |
| Pledged deposits | 13,902 | 13,659 | 190,687 | 659,896 |
| | 52,880 | 54,259 | 214,121 | 679,940 |

The Group's certain bank deposits which were pledged as securities in respect of:

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | — | — | 176,500 | 639,509 |
| Mortgage loan facilities granted by the banks to purchasers of the Group's properties | 13,902 | 13,659 | 14,187 | 20,387 |
| | 13,902 | 13,659 | 190,687 | 659,896 |

## 19 CASH AND CASH EQUIVALENTS

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cash at bank and in hand | 900,822 | 959,681 | 2,536,868 | 2,314,728 |

Cash and bank balances at June 30, 2013 include RMB2,308,475,000 (December 31, 2012: RMB2,535,166,000; December 31, 2011: RMB958,864,000; December 31, 2010: RMB898,210,000) placed with banks in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 20 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In December 2011, the Group entered into certain sale and purchase agreements with independent third parties to dispose of 2 commercial units in Logan Century Center at total consideration of RMB21,936,000. The transactions were completed in January 2012.

Accordingly, the fair value of these 2 commercial units totaling RMB20,706,000 have been reclassified from "Investment properties" to "Non-current assets classified as held for sale" at December 31, 2011.

## 21 TRADE AND OTHER PAYABLES

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade payables *(note (iii))* | 778,055 | 1,298,088 | 1,787,644 | 1,891,182 |
| Other payables and accrued charges | 209,173 | 528,499 | 355,078 | 286,544 |
| Customer deposits received | 257,565 | 29,743 | 3,918 | 31,498 |
| Rental and other deposits received | 75 | 8,537 | 9,864 | 9,475 |
| Receipts in advance | 2,652,297 | 3,937,220 | 6,360,457 | 8,815,523 |
| Deposits for sales of investment properties | — | 14,386 | — | — |
| Other loans *(note (i))* | 302,050 | 288,596 | 604,096 | 695,000 |
| Amounts due to related companies *(note (ii))* | 865,800 | 1,598,885 | 1,388,076 | 269,343 |
| Amounts due to related parties *(note (ii))* | 4,680 | 17,431 | — | — |
| Amount due to a non-controlling shareholder *(note (ii))* | — | — | 56,827 | 56,827 |
| Amounts due to the shareholder *(note (ii))* | 10,211 | 9,728 | — | — |
| Amount due to the founder *(note (ii))* | — | 11,998 | — | 7 |
| | 5,079,906 | 7,743,111 | 10,565,960 | 12,055,399 |

*Notes:*

(i) Other loan in 2010 is secured loan (secured by a subsidiary's paid-in capital) amounting to RMB302,050,000, which is interest-bearing at 12% per annum and fully settled in 2011.

Other loan in 2011 is secured loan (secured by two pieces of land of RMB78,487,000 held by a subsidiary) amounting to RMB288,596,000, which is interest bearing at 15% per annum and fully settled in 2013.

Other loans in 2012 also included an unsecured loan amounting to RMB100,000,000, which is interest bearing at 9.5% per annum and fully settled in 2013, and an unsecured loan amounting to RMB200,000,000, which is interest bearing at 7.05% per annum and repayable within two years.

Other loans in 2013 also included unsecured loan amounting to RMB300,000,000, which is interest bearing at 9% per annum and repayable within two years, and a secured loan (secured by properties under development for sale of RMB1,154,352,000 held by a subsidiary) amounting to RMB195,000,000, which is interest bearing at 11.3% and repayable within two years.

(ii) The amounts due to the related companies, related parties, a non-controlling shareholder, the shareholder and the founder are interest-free, unsecured and repayable on demand.

(iii) Included in trade and other payables are trade payables with the following ageing analysis at the balance sheet dates:

| | At December 31, | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | At June 30, 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Due within 1 month or on demand | 215,513 | 730,173 | 813,305 | 352,629 |
| Due after 1 month but within 3 months | 208,282 | 250,874 | 154,546 | 287,971 |
| Due after 3 months but within 6 months | 117,258 | 104,748 | 199,980 | 582,507 |
| Due after 6 months but within 1 year | 70,879 | 35,945 | 398,355 | 507,944 |
| Due after 1 year | 166,123 | 176,348 | 221,458 | 160,131 |
| | 778,055 | 1,298,088 | 1,787,644 | 1,891,182 |

## 22 BANK LOANS

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Bank loans | | | | |
| — secured | 3,585,509 | 4,861,225 | 4,690,011 | 7,189,138 |
| — unsecured | 1,292,716 | 874,285 | 1,324,224 | 164,377 |
| | 4,878,225 | 5,735,510 | 6,014,235 | 7,353,515 |

Bank loans are repayable as follows:

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year and included in current liabilities | 709,000 | 1,557,500 | 1,831,000 | 2,907,370 |
| After 1 year and included in non-current liabilities: | | | | |
| After 1 year but within 2 years | 2,405,300 | 1,455,780 | 2,431,580 | 1,282,500 |
| After 2 years but within 5 years | 1,722,000 | 2,140,245 | 1,072,000 | 2,511,800 |
| After 5 years | 41,925 | 581,985 | 679,655 | 651,845 |
| | 4,169,225 | 4,178,010 | 4,183,235 | 4,446,145 |
| | 4,878,225 | 5,735,510 | 6,014,235 | 7,353,515 |

*Notes:*

(i) The bank loans bear floating interest ranging from 4.1% to 6.6%, 4.9% to 10.3% and 2.0% to 9.3% per annum for each of the three years ended December 31, 2010, 2011 and 2012 respectively, and, 2.0% to 9.3% per annum for the six months ended June 30, 2013 respectively, and are secured by the following assets:

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Investment properties | 1,683,000 | 2,299,000 | 2,671,000 | 2,726,000 |
| Investment properties under development | 209,000 | 217,000 | 190,000 | 190,000 |
| Properties held for development for sale | 1,043,489 | 463,375 | 1,081,184 | 733,094 |
| Properties under development for sale | 4,418,238 | 5,349,566 | 3,499,997 | 4,319,534 |
| Completed properties for sale | 520,214 | 398,546 | 908,631 | 299,281 |
| Other land and building | 19,730 | 18,792 | 17,854 | 17,385 |
| Pledged deposits | — | — | 176,500 | 255,054 |
| | 7,893,671 | 8,746,279 | 8,545,166 | 8,540,348 |

Included in secured bank loans at December 31, 2012 and June 30, 2013 were loans of RMB540,000,000 and RMB470,000,000 pledged by assets provided by related parties respectively (note 28(b)(iii)).

(ii) All of the Group's banking facilities are subject to the fulfillment of covenants relating to the Group's properties development status, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at December 31, 2010, 2011 and 2012 and June 30, 2013, none of the covenants relating to drawn down facilities had been breached.

## 23 CAPITAL AND RESERVES

### (a) *Share capital*

As disclosed in note 1(b) above, the Financial Information has been prepared under the merger accounting method in that financial information of the companies now comprising the Group during the Relevant Periods was consolidated as if the Group had always been in existence.

The Company was incorporated on May 14, 2010 and the Reorganization of the Group was completed on April 1, 2013. For the purpose of this report, share capital as at December 31, 2010 represents 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.

As at December 31, 2011 and 2012, except for Guangdong Modern Construction Design and Consultation Co., Ltd. and Foshan Logan Sunshine Seaward Property Co., Ltd., all the companies comprising the Group are direct or indirect subsidiaries of the Company. For the purpose of this report, share capital as at December 31, 2011 and 2012 represents the Company's share capital of HK$0.1. The paid-in capital of Guangdong Modern Construction Design and Consultation Co., Ltd. and Foshan Logan Sunshine Seaward Property Co., Ltd. totaling RMB12,930,000 are included in other reserve.

As at June 30, 2013, all the companies comprising the Group are direct or indirect subsidiaries of the Company. Therefore, the share capital as at June 30, 2013 represents the Company's share capital of HK$0.1.

### (b) *Nature and purpose of reserves*

### (i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(u).

### (ii) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory reserve fund.

*General reserve*

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

*Statutory surplus reserve*

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as

## 23 CAPITAL AND RESERVES (continued)

### *(b) Nature and purpose of reserves (continued)*

### (ii) PRC statutory reserves (continued)

*Statutory surplus reserve (continued)*

determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

### (iii) Other reserve

The other reserve represents:

(1) The difference between the consideration paid arising from the Reorganization and the paid-in capital of Shantou Jinfengyuen Realty Co., Ltd., Shantou Logan Realty Co., Ltd. and Shantou Jiarun Property Co., Ltd. and Shenzhen Yaukaisi Investment Co., Ltd.; and

(2) The difference between the capital injection and paid-in capital of Shantou Jinfengyuen Realty Co., Ltd. and Shantou Logan Realty Co., Ltd..

### *(c) 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 shareholder returns that might be possible with higher levels of borrowings and the advantages and security 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.

## 24 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

### Significant non-cash transactions

During the year ended December 31, 2010, two pieces of land of RMB144,398,000 were injected as the capital of Shantou Jinfengyuen Realty Co., Ltd. and Shantou Logan Realty Co., Ltd.

## 25 COMMITMENTS

Commitments outstanding at balance sheet dates not provided for in the Financial Information were as follows:

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Contracted for | 3,350,813 | 2,622,509 | 2,497,505 | 3,502,571 |
| Authorized but not contracted for | 18,376,818 | 14,853,955 | 15,851,589 | 16,994,643 |
| | 21,727,631 | 17,476,464 | 18,349,094 | 20,497,214 |

Capital commitments mainly related to development expenditure for the Group's properties under development and expenditure in respect of future investment and property development.

## 26 SIGNIFICANT LEASING ARRANGEMENTS

### *(a) Lessor*

The Group leases out a number of building facilities under operating leases, consisting primarily of retail shops attached to some property development projects and office space. The leases typically run for an initial period of 3 to 15 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 14.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year | 1,601 | 53,198 | 58,855 | 60,281 |
| After 1 year but within 5 years | 7,765 | 215,035 | 183,812 | 157,466 |
| After 5 years | 19,128 | 16,990 | 14,938 | 14,478 |
| | 28,494 | 285,223 | 257,605 | 232,225 |

### *(b) Lessee*

The Group leases office space under operating leases. The leases typically run for an initial period of 1 to 4 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 December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year | 3,181 | 10,451 | 9,063 | 8,175 |
| After 1 year but within 5 years | 4,515 | 20,376 | 12,136 | 8,461 |
| | 7,696 | 30,827 | 21,199 | 16,636 |

## 27 CONTINGENT LIABILITIES

### (a) *Guarantees given to financial institutions for mortgages facilities granted to buyers of the Group's properties:*

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Guarantees given to financial institutions for mortgages facilities granted to purchasers of the Group's properties | 687,825 | 1,743,876 | 1,564,451 | 2,343,208 |

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly installment before the issuance of the individual property ownership certificate; the banks can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but usually within a range of 3% to 5% of the mortgage loans granted to buyers, with prescribed capped amount. Such guarantees usually last for 3 months, according to the relevant record of the Group.

The management does not consider that the Group will sustain a loss under these guarantees during the period under guarantee, as the Group has not applied for individual property ownership certificates for these buyers and can take over the ownership of the related properties and sell the properties to recover any amounts paid by the Group to banks. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the buyers default payments to banks.

### (b) *Assets pledged against bank and other loans of related companies:*

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Properties held for development for sale | 84,222 | 84,222 | 86,264 | 86,264 |
| Completed properties for sale | — | 354,922 | 147,875 | 147,875 |
| | 84,222 | 439,144 | 234,139 | 234,139 |

The above assets of the Group pledged against bank and other loans of related companies totaling RMB490,000,000 as at June 30, 2013 (December 31, 2012: RMB530,000,000; December 31, 2011: RMB273,000,000; December 31, 2010: RMB147,000,000).

### (c) *Guarantees given to financial institutions for bank and other loans granted to related companies*

The Group provided guarantees to the bank and other loans of related companies totaling RMB40,000,000 as at June 30, 2013 (December 31, 2012: RMB260,000,000; December 31, 2011: RMB260,000,000; December 31, 2010: RMB230,000,000).

## 28 MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions identified during the years/period and balances with these related parties at those dates are summarized as follows:

*(a)*

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Purchases of construction raw materials payable to a related company, Shantou Longhuqu Long Feng Co., Ltd. (汕頭市龍湖區龍鋒實業有限公司)** | 5,099 | — | — | — | — |

*(b)*

(i) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Short-term employee benefits | 2,818 | 5,792 | 8,773 | 3,501 | 4,367 |
| Post-employment benefits | — | — | — | — | — |
| | 2,818 | 5,792 | 8,773 | 3,501 | 4,367 |

(ii) Construction income, design fee income, sales of materials and construction management service income:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (Unaudited) | RMB'000 |
| Construction contracts income receivable from related companies (note (a)) | 239,233 | 239,261 | 235,538 | 68,502 | 336,106 |
| Design fee income receivable from a related company (note (b)) | 4,738 | 486 | 7,419 | 5,303 | 820 |
| Sales of construction raw materials to a related company (note (c)) | — | — | 782 | 184 | 286 |
| Construction management service income receivable from a related company (note (d)) | — | — | 2,861 | — | 1,237 |
| | 243,971 | 239,747 | 246,600 | 73,989 | 338,449 |

*Notes:*

(a) The Group being engaged for the construction projects of Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司)*, Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司)*, Fangchenggangshi Tianjun Investment Co., Ltd. (防城港市天駿投資有限公司)*, Shantou Tianyue Investment Co., Ltd.

## 28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

***(b) (continued)***

(ii) Construction income, design fee income, sales of materials and construction management service income: (continued)

(汕頭市天悅投資有限公司)*, Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司)*, Huizhou Daya Bay Tianhui Investment Co., Ltd (惠州大亞灣天暉投資有限公司)*, Shantou Jinjun Investment Consulting Co., Ltd. (汕頭市金駿投資諮詢有限公司)*, Foshan Shunde Logan Property Co., Ltd. (佛山市順德區龍光房地產有限公司)* and Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司)**.

(b) The Group provides construction design service to Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司).

(c) The Group sells construction raw materials to Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司).

(d) The Group provides construction management service to Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司).

(iii) As at December 31, 2012 and June 30, 2013, bank loans of the Group amounted to RMB540,000,000 and RMB410,000,000 respectively were pledged by land piece held by of a related company, Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司).

As at June 30, 2013, a bank loan of the Group amounted to RMB60,000,000 was pledged by property held by of a related company, Foshan Logan Property Co., Ltd. (佛山市龍光房地產有限公司)*.

## 28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

### *(b) (continued)*

(iv) Bank and other loans guarantees provided by related companies/parties, the shareholder and the founder:

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Mr. Ji | 1,007,000 | 1,020,000 | 439,000 | 40,000 |
| Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司), Mr. Ji and Mr. Yao Yaolin (Brother in law of Mr. Ji) | 942,300 | 673,000 | 448,500 | 424,500 |
| Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) and Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) | 750,000 | 230,000 | 185,000 | 453,000 |
| Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Mr. Ji | 280,000 | 1,181,000 | 1,428,330 | 1,270,670 |
| Joint guarantees provided by Mr. Ji and Ms. Kei | — | 485,285 | 291,225 | — |
| Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Mr. Ji Jiande (Brother of Mr. Ji) | — | — | 300,000 | 300,000 |
| Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司), Mr. Ji and Mr. Ji Jiande (Brother of Mr. Ji) | — | — | — | 200,000 |
| Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Mr. Ji and Ms. Kei | — | — | 145,055 | 429,769 |
| Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Shantou Tinda Laowu Co., Ltd. (汕頭市天達勞務有限公司)** and Mr. Ji | — | 140,000 | 750,000 | 620,000 |
| Guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) | 795,000 | 830,000 | 830,000 | 900,000 |
| Guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) | 1,062,000 | 1,448,600 | 1,483,800 | 2,873,800 |
| | 4,836,300 | 6,007,885 | 6,300,910 | 7,511,739 |

## 28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

***(b) (continued)***

(v) Assets pledged against bank and other loans of related companies:

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Guangdong Logan (Group) Co., Ltd (廣東龍光(集團)有限公司) and Shantou Tianyue Investment Co., Ltd. (汕頭市天悦投資有限公司) | — | — | 147,875 | 98,366 |
| Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) | — | — | 43,132 | 43,132 |
| Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) | — | 354,922 | — | — |
| Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司) | 84,222 | 84,222 | 43,132 | 43,132 |
| | 84,222 | 439,144 | 234,139 | 184,630 |

(vi) As at December 31, 2010, 2011 and 2012, and June 30, 2013, the Group provided guarantees for the bank loans of Shantou Tianyue Investment Co., Ltd. (汕頭市天悦投資有限公司) amounted to RMB230,000,000, RMB80,000,000, RMB80,000,000 and RMB40,000,000, respectively.

As at December 31, 2011, the Group provided guarantees for the bank loans of Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) amounted to RMB180,000,000.

As at December 31, 2012, the Group provided guarantees for a trust loan of Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Shantou Tianyue Investment Co., Ltd. (汕頭市天悦投資有限公司) totally amounted to RMB180,000,000.

(vii) The Company intends that the assets pledged and guarantees against bank and other loans of related companies/the Group's bank and other loans as at June 30, 2013 in the above notes (iii) to (vi) will be released before [●].

## 28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

### *(c) Balances with related companies/parties*

As at the balance sheet dates, the Group had the following balances with related companies/parties:

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| (i) Amounts due from related companies | | | | |
| Fangchenggangshi Tianjun Investment Co., Ltd. (防城港市天駿投資有限公司) | 9,160 | 20,472 | 16,472 | 17,052 |
| Guangdong Logan Group Property Co., Ltd. (廣東龍光集團物業有限公司)* | 13,892 | 19,716 | — | — |
| Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司) | — | 91,372 | 26,653 | 2,601 |
| Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司) | 21,104 | 37,126 | 69,029 | 28,939 |
| Huizhou Daya Bay Tianhui Investment Co., Ltd. (惠州大亞灣天暉投資有限公司) | 17,000 | 9,860 | 8,260 | — |
| Shantou Tianyue Investment Co., Ltd. (汕頭市天悅投資有限公司) | — | — | 3,600 | — |
| Shenzhen Logan Real Estate Co., Ltd. (深圳市龍光置業代理有限公司)* | 228 | 431 | 280 | — |
| Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司) | — | — | 617 | 94,370 |
| Foshan Shunde Logan Property Co., Ltd. (佛山市順德區龍光房地產有限公司) | — | — | 26,229 | 26,229 |
| Shantou Jinjun Investment Consulting Co., Ltd. (汕頭市金駿投資諮詢有限公司) | — | — | 1,630 | 2,896 |
| | 61,384 | 178,977 | 152,770 | 172,087 |

## 28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

### *(c) Balances with related companies/parties (continued)*

| | At December 31, | | | At June 30, |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| (ii) Amounts due to related companies | | | | |
| Foshan Logan Property Co., Ltd. (佛山市龍光房地產有限公司) | 217,410 | 1,018,336 | — | — |
| Foshan Shunde Logan Property Co., Ltd. (佛山市順德區龍光房地產有限公司) | 3,348 | 187,664 | — | — |
| Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) | 142,372 | 97,900 | — | 1,090 |
| Guangdong Logan Group Property Co., Ltd. (廣東龍光集團物業有限公司) | 3,662 | 3,115 | — | 44 |
| Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) | 376,798 | 284,752 | 1,383,858 | 266,141 |
| Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司) | 83,050 | — | — | — |
| Shenzhen Logan Century Commerce Management Co., Ltd. (深圳市龍光世紀商業管理有限公司)* | 19,930 | — | — | — |
| Shantou Logan Landscape Co., Ltd. (汕頭市龍光園林景觀有限公司)* | 2,900 | 2,900 | — | — |
| Shantou Longhuqu Long Feng Co., Ltd. (汕頭市龍湖區龍鋒實業有限公司) | 6,617 | 4,218 | 4,218 | 1,749 |
| Shantou Tianyue Investment Co., Ltd. (汕頭市天悅投資有限公司) | 9,713 | — | — | — |
| King Kerry (Hong Kong) Investments Company Limited (金凱利(香港)投資有限公司)* | — | — | — | 319 |
| | 865,800 | 1,598,885 | 1,388,076 | 269,343 |
| (iii) Amounts due to related parties | | | | |
| Xie Shixi (Nephew of Mr. Ji) | — | 10,539 | — | — |
| Yao Yaojia (Brother in law of Mr. Ji) | 4,680 | 6,892 | — | — |
| | 4,680 | 17,431 | — | — |
| (iv) Amount due to a non-controlling shareholder | | | | |
| Guangdong Nanhai Luolan Ceramics Enterprises Group (廣東南海羅南陶瓷企業集團) (the non-controlling shareholder of Foshan Sunshine Seaward Property Co., Ltd.) | — | — | 56,827 | 56,827 |
| (v) Amount due to the shareholder | | | | |
| Ms. Kei | 10,211 | 9,728 | — | — |
| (vi) Amount due to the founder | | | | |
| Mr. Ji | — | 11,998 | — | 7 |

The Company intends that balances with related parties as at June 30, 2013 in notes (i) to (vi) above will be settled before [●].

## 28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

*(d)* The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business, and have confirmed that the non-continuing transactions stated above will not continue in the future after [●].

[●]

*Notes:*

* Related companies that are controlled by the founder

** Related companies that are substantially owned by the family members of the founder

## 29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of this Financial Information, the HKICPA has issued a few amendments and a new standard which are not yet effective in respect of the financial periods included in the Relevant Periods, and which have not been adopted in this Financial Information. These include the following which may be relevant to the Group.

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to HKAS 32, *Offsetting financial assets and financial liabilities* | January 1, 2014 |
| [●] 9, *Financial instruments* | January 1, 2015 |

The Group is in the process of making an assessment of what the impact of these amendments 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 consolidated financial statements.

## 30 FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on May 14, 2010 with authorized capital of HK$380,000 divided into 3,800,000 of HK$0.1 each. 1 fully paid share of HK$0.1 was allotted and issued to Ms. Kei.

On November 2, 2012, the Company allotted and issued at par (i.e. HK$0.1 per share) an aggregate of 999 shares, out of which 939 shares were allotted and issued to Ms. Kei and 20 shares were allotted and issued to each of Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, all of which are companies incorporated in the BVI and are wholly owned by Ms. Kei.

*Company Balance Sheet*

| | Note | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|---|
| | | HKD'000 | HKD'000 | HKD'000 | HKD'000 |
| **Non-current assets** | | | | | |
| Fixed assets | | — | — | 3,252 | 2,853 |
| Investments in subsidiaries | | 12,000 | 12,000 | 12,000 | 12,000 |
| | | 12,000 | 12,000 | 15,252 | 14,853 |
| **Current assets** | | | | | |
| Other receivables and prepayment | | — | 1,606 | 22 | 22 |
| Rental and utility deposits | | — | 4,840 | 4,842 | 4,842 |
| Cash and cash equivalents | | 1,879 | 331 | 388 | 1,953 |
| | | 1,879 | 6,777 | 5,252 | 6,817 |
| **Current liability** | | | | | |
| Other payables | (a) | (15,000) | (23,302) | (39,834) | (57,552) |
| **Net current liabilities** | | (13,121) | (16,525) | (34,582) | (50,735) |
| **Total assets less current liabilities** | | (1,121) | (4,525) | (19,330) | (35,882) |
| **NET LIABILITIES** | | (1,121) | (4,525) | (19,330) | (35,882) |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | (b) | — | — | — | — |
| Accumulated losses | (b) | (1,121) | (4,525) | (19,330) | (35,882) |
| | | (1,121) | (4,525) | (19,330) | (35,882) |

### *(a) Other payables*

| | At December 31, 2010 | At December 31, 2011 | At December 31, 2012 | At June 30, 2013 |
|---|---|---|---|---|
| | HKD'000 | HKD'000 | HKD'000 | HKD'000 |
| Other payable | — | 2 | 436 | 252 |
| Amount due to a subsidiary *(note)* | — | — | 38,900 | 56,900 |
| Amount due to a related company *(note)* | — | 500 | 498 | 400 |
| Amounts due to related parties *(note)* | 3,000 | 22,000 | — | — |
| Amount due to the founder *(note)* | — | 800 | — | — |
| Amount due to the shareholder *(note)* | 12,000 | — | — | — |
| | 15,000 | 23,302 | 39,834 | 57,552 |

*Note:* The amounts due to a subsidiary, a related company, related parties, the shareholder and the founder are unsecured, interest free and repayable on demand.

## 30 FINANCIAL INFORMATION OF THE COMPANY (continued)

### *(b) 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 | Accumulated losses | Total |
|---|---|---|---|
| | HKD'000 | HKD'000 | HKD'000 |
| At May 14, 2010 | — | — | — |
| Shares issued upon incorporation | — | — | — |
| Total loss and comprehensive income for the period | — | (1,121) | (1,121) |
| At December 31, 2010 | — | (1,121) | (1,121) |
| Total loss and comprehensive income for the year | — | (3,404) | (3,404) |
| At December 31, 2011 | — | (4,525) | (4,525) |
| Total loss and comprehensive income for the year | — | (14,805) | (14,805) |
| At December 31, 2012 | — | (19,330) | (19,330) |
| Total loss and comprehensive income for the period | — | (16,552) | (16,552) |
| At June 30, 2013 | — | (35,882) | (35,882) |

## 31 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 December 31, 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 Periods by the respective statutory auditors as indicated below:

| Name of subsidiaries | Financial period | Statutory auditors |
|---|---|---|
| Yuen Ming (Hong Kong) Investments Company Limited | Years ended December 31, 2010 and 2011 | KPMG |
| | Year ended December 31, 2012 | Sky Trend CPA Limited |
| Kam Wang (HK) Investments Company Limited | Period ended December 31, 2010 | Sky Trend CPA Limited |
| | Years ended December 31, 2011 and 2012 | |
| Jolly Gain (Hong Kong) Investments Limited | Period ended December 31, 2012 | L. M. Ng & Co. Certified Public Accountants (Practising) (吳樂明會計師事務所) |
| Tai Ying (Hong Kong) Investments Limited | Period ended December 31, 2012 | L. M. Ng & Co. Certified Public Accountants (Practising) (吳樂明會計師事務所) |
| Platinum Profit (Hong Kong) Investments Limited | Period ended December 31, 2012 | L. M. Ng & Co. Certified Public Accountants (Practising) (吳樂明會計師事務所) |
| Golden Prosper (Hong Kong) Investments Limited | Period ended December 31, 2012 | L. M. Ng & Co. Certified Public Accountants (Practising) (吳樂明會計師事務所) |
| Talent Union (Hong Kong) Investments Limited | Period ended December 31, 2012 | L. M. Ng & Co. Certified Public Accountants (Practising) (吳樂明會計師事務所) |
| Shenzhen Youkaisi Investment Co., Ltd. (*note*) (深圳市優凱思投資有限公司) | Years ended December 31, 2010 and 2011 | Shenzhen Huilong Certified Public Accountants (深圳惠隆會計師事務所) |
| | Year ended December 31, 2012 | Shenzhen Huilong Certified Public Accountants (General Partnership) (深圳惠隆會計師事務所（普通合伙）) |
| Logan Construction Co., Ltd. (*note*) (龍光工程建設有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | ST Hua Qian Certified Public Accountants (汕頭市華乾會計師事務所) |
| Shantou Jiarun Property Co., Ltd. (*note*) (汕頭市佳潤房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | ST Hua Qian Certified Public Accountants (汕頭市華乾會計師事務所) |

## 31 INFORMATION OF STATUTORY FINANCIAL STATEMENTS OF THE SUBSIDIARIES (continued)

| Name of subsidiaries | Financial period | Statutory auditors |
|---|---|---|
| Shantou Jinfengyuan Realty Co., Ltd. (*note*) (汕頭市金峰園置業有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Guangdong Pan-China Certified Public Accountants (廣東天健會計師事務所) |
| Guangzhou Logan Property Co., Ltd. (*note*) (廣州市龍光房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Foshan Dacheng Certified Public Accountants Co., Ltd. (佛山大誠會計師事務所有限公司) |
| Guangzhou Logan Realty Co., Ltd. (*note*) (廣州市龍光置業有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Foshan Dacheng Certified Public Accountants Co., Ltd. (佛山大誠會計師事務所有限公司) |
| Dongguan Logan Property Co., Ltd. (*note*) (東莞市龍光房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Guangdong Pan-China Certified Public Accountants (廣東天健會計師事務所) |
| Hainan Logan Property Development Co., Ltd. (*note*) (海南市龍光房地產開發有限公司) | Period ended December 31, 2010 and year ended December 31, 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | GX Ziun Certified Public Accountants (廣西啓源會計師事務所) |
| Foshan Shunde Logan Realty Co., Ltd. (*note*) (佛山市順德區龍光置業房產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Foshan Dacheng Certified Public Accountants Co., Ltd. (佛山大誠會計師事務所有限公司) |
| Guangdong Modern Construction Design and Consultation Co., Ltd. (*note*) (廣東現代建築設計與顧問有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Shenzhen Hengchen Certified Public Accountants (General Partnership) (深圳恒晨會計師事務所（普通合伙）) |

## 31 INFORMATION OF STATUTORY FINANCIAL STATEMENTS OF THE SUBSIDIARIES (continued)

| Name of subsidiaries | Financial period | Statutory auditors |
|---|---|---|
| Zhongshan Logan Property Co., Ltd. (*note*) (中山市龍光房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Zhongshan Zhongzhen Union CPA Co., Ltd. (中山市中正聯合會計師事務所有限公司) |
| Shantou Logan Property Co., Ltd. (*note*) (汕頭市龍光房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | ST Hua Qian Certified Public Accountants (汕頭市華乾會計師事務所) |
| Shenzhen Chenrong Construction Materials Co., Ltd. (*note*) (深圳市宸榮建築材料有限公司) | Period ended December 31, 2010 | Shenzhen Huilong Certified Public Accountants (深圳惠隆會計師事務所) |
| | Year ended December 31, 2011 | Shenzhen Hautu Certified Public Accountants (Special General Partnership) (深圳市華圖會計師事務所(特殊普通合伙)) |
| | Year ended December 31, 2012 | Shenzhen Hengchen Certified Public Accountants (General Partnership) (深圳恒晨會計師事務所（普通合伙)) |
| Shenzhen Yongjing Decorating Construction Co. Ltd. (*note*) (深圳市潤景裝飾工程有限公司) | Period ended December 31, 2011 | Shenzhen Hautu Certified Public Accountants (Special General Partnership) (深圳市華圖會計師事務所 (特殊普通合伙))) |
| | Year ended December 31, 2012 | Shenzhen Hengchen Certified Public Accountants (General Partnership) (深圳恒晨會計師事務所（普通合伙)) |
| Huizhou Logan Property Co., Ltd. (*note*) (惠州市龍光房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Guangdong Pan-China Certified Public Accountants (廣東天健會計師事務所) |
| Shenzhen Logan Media Planning Co., Ltd. (*note*) (深圳市龍光傳媒策劃有限公司) | Year ended December 31, 2010 | Shenzhen Hautu Certified Public Accountants (深圳市華圖會計師事務所) |
| | Year ended December 31, 2011 | Shenzhen Xingyuan Certified Public Accountants (Special General Partnership) (深圳市星源會計師事務所(特殊普通合伙)) |
| | Year ended December 31, 2012 | Shenzhen Hengchen Certified Public Accountants (General Partnership) (深圳恒晨會計師事務所（普通合伙)) |

## 31 INFORMATION OF STATUTORY FINANCIAL STATEMENTS OF THE SUBSIDIARIES (continued)

| Name of subsidiaries | Financial period | Statutory auditors |
|---|---|---|
| Huizhou Daya Bay Logan Property Co., Ltd. (*note*) (惠州大亞灣龍光房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Huizhou Fang Zheng Certified Public Accountants (惠州方正會計師事務所) |
| Zhuhai Logan Property Development Co., Ltd. (*note*) (珠海市龍光房地產開發有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Zhuhai Guorui Hengbin Accountants (珠海國睿衡斌會計師事務所有限公司) |
| Shantou Logan Realty Co., Ltd. (*note*) (汕頭市龍光置業有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | ST Hua Qian Certified Public Accountants (汕頭市華乾會計師事務所) |
| Nanning Logan Property Co., Ltd. (*note*) (南寧龍光房地產開發有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Gx Ziun Certified Public Accountants Ltd. (廣西啓源會計師事務所) |
| Hainan Jinjun Realty Co., Ltd. (*note*) (海南金駿置業有限公司) | Period ended December 31, 2011 | Sanya Haicheng Certified Public Accountants (三亞海誠會計師事務所) |
| | Year ended December 31, 2012 | Gx Ziun Certified Public Accountants Ltd. (廣西啓源會計師事務所) |
| Foshan Chancheng Logan Property Co., Ltd. (*note*) (佛山市禪城區龍光房地產有限公司) | Period ended December 31, 2012 | Foshan Dacheng Certified Public Accountants Co., Ltd. (佛山大誠會計師事務所有限公司) |
| Shenzhen Logan Century Business Management Co. Ltd. (*note*) (深圳市龍光世紀商業管理有限公司) | Period ended December 31, 2011 | Shenzhen Xingyuan Certified Public Accountants (Special General Partnership) (深圳市星源會計師事務所 (特殊普通合伙)) |
| | Year ended December 31, 2012 | Shenzhen Hengchen Certified Public Accountants (General Partnership) (深圳恒晨會計師事務所（普通合伙）) |
| Shenzhen Logan Dongzhen Realty Co., Ltd. (*note*) (深圳市龍光東圳置業有限公司) | Year ended December 31, 2010 | Shenzhen Hautu Certified Public Accountants (深圳市華圖會計師事務所) |
| | Year ended December 31, 2011 | Shenzhen Tinda United Certified Public Accountants (General Partnership) (深圳天大聯合會計師事務所(普通合伙)) |

## 31 INFORMATION OF STATUTORY FINANCIAL STATEMENTS OF THE SUBSIDIARIES (continued)

| Name of subsidiaries | Financial period | Statutory auditors |
|---|---|---|
| | Year ended December 31, 2012 | Huizhou Fang Zheng Certified Public Accountants (惠州方正會計師事務所) |
| Shenzhen Logan Property Co., Ltd. (*note*) (深圳市龍光房地產有限公司) | Year ended December 31, 2010 | Shenzhen Tinda United Certified Public Accountants (深圳市天大聯合會計師事務所) |
| | Year ended December 31, 2011 | Shenzhen Xingyuan Certified Public Accountants (Special General Partnership) (深圳市星源會計師事務所(特殊普通合伙)) |
| | Year ended December 31, 2012 | Shenzhen Hengchen Certified Public Accountants (General Partnership) (深圳恒晨會計師事務所（普通合伙)) |
| Nanning Logan Junchi Property Development Co., Ltd. (*note*) (南寧市龍光駿馳房地產開發有限公司) | Period ended December 31, 2012 | Gx Ziun Certified Public Accountants Ltd. (廣西啓源會計師事務所) |
| Chengdu Logan Property Co., Ltd. (*note*) (成都市龍光房地產有限公司) | Period ended December 31, 2010 and year ended December 31, 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Haiyun Accountant Agency of Sichun Province Co., Ltd. (四州海韵會計師事務所有限公司) |
| Nanning Logan Jinjun Property Development Co., Ltd. (*note*) (南寧市龍光金駿房地產開發有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會師事務所有限公司) |
| | Year ended December 31, 2012 | Gx Ziun Certified Public Accountants (廣西啓源會計師事務所) |
| Foshan Logan Sunshine Seaward Property Co., Ltd. (*note*) (佛山市龍光陽光海岸房地產有限公司) | Period ended December 31, 2012 | Foshan Dacheng Certified Public Accountants Co., Ltd. (佛山大誠會計師事務所有限公司) |
| Huizhou Daya Bay Dongzhen Property Co., Ltd. (*note*) (惠州大亞灣東圳房地產有限公司) | Years ended December 31, 2010 and 2011 | Shantou Regent Certified Public Accountants Ltd. Co. (汕頭市立真會計師事務所有限公司) |
| | Year ended December 31, 2012 | Huizhou Fang Zheng Certified Public Accountants (惠州方正會計師事務所) |

*Note:* The English translation of the names is for reference only. The official names of these entities are in Chinese.

**32 SUBSEQUENT EVENTS**

[●]

**C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS**

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to June 30, 2013. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to June 30, 2013.

Yours faithfully

[●]

Certified Public Accountants

Hong Kong

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this document received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the property interests in the PRC as at October 31, 2013.*

[●]

[●]

The Directors
Logan Property Holdings Company Limited
[●]

Dear Sirs,

**Instructions, Purpose and Date of Valuation**

In accordance with your instructions for us to value the properties in which Logan Property Holdings Company Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") have interests in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at October 31, 2013.

**Definition of Market Value**

In valuing the properties, we have complied with the requirements set out in the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuation of each of the properties represents our opinion of its market value which in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined the "estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

**Valuation Basis And Assumption**

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties 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 any onerous nature which could affect their values.

In the course of our valuation of the properties in the PRC, we have assumed that the transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have relied on the information regarding the title to each of the properties and the interests of the Group in the properties. Unless otherwise stated, in valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

**Method of Valuation**

In valuing the properties in Group I, we have valued each of these properties by direct comparison approach assuming sale of each of the properties in its existing state by making reference to comparable sales prices as available in the relevant market.

In valuing property nos. 16, 18-19, 21-23 and 25 in Group II, we have used investment method by capitalizing the current rent passing derived from the existing tenancies with due provisions for reversionary income potential.

In valuing property no. 20, we have been advised by the Group that the building ownership certificate of the property has not been obtained yet and we have ascribed no commercial value to the property.

Regarding property nos. 17 and 24 in Group II which are under development and held by the Group for investment, the properties in Group III and IV which are currently held by the Group under development and for future development in the PRC respectively, we have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development. The "market value when completed at the date of valuation" represents our opinion of the aggregate selling prices of the development assuming that it had been completed at the date of valuation and no allowance were made for outstanding development costs. For those properties contracted to be sold, but the formal assignment procedures of which have not yet completed, we have valued this portion of properties by taking into account the contract prices.

In valuing the properties in Group V which are contracted to be acquired by the Group in the PRC, we have been advised by the Group that the State-owned Land Use Rights Certificate of the property have not been obtained yet and we have ascribed no commercial value to the properties.

The properties in Group VI and VII which are leased to the Group in Hong Kong and the PRC have no commercial value mainly due to the prohibitions against assignment and subletting or otherwise due to the lack of substantial profit rents.

**Source of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group in respect of the properties in the PRC and have accepted advice given to us on such matters as planning approvals or statutory notices, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group, and all other relevant matters. We have also relied on the legal opinion issued by Haiwen & Partners, the Group's legal advisor, regarding the title to each of the properties and interests of the Group in the properties in the PRC.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

**Site Inspection**

We have inspected the exterior and, wherever possible, the interior of each of the properties. The site inspection was carried out during the period from March 2013 to November 2013 by Mr. Andy He, Mr. Ben Yan, Mr. Fajin Li, Mr. Guorong Wu, Mr. Tao Wen, Ms. Faye Huang, Ms. Cheryl Xu and Ms. Mina Ou. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

**Currency and Exchange Rate**

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
**DTZ Debenham Tie Leung Limited**

**Andrew K. F. Chan**
*Registered Professional Surveyor (GP)*
*Registered China Real Estate Appraiser*
*MSC., M.H.K.I.S., M.R.I.C.S.*
**Senior Director**

*Note:* Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 26 years of experience in the valuation of properties in Hong Kong and the PRC.

## SUMMARY OF VALUATIONS

### Group I — Properties held by the Group for sale in the PRC

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 1. | Unsold portion of Grand View (Phases 3 and 4), East of Deshen Meijiao River, Ronggui Town, Shunde District, Foshan, Guangdong Province, the PRC. (佛山水悦雲天三及四期) | 120,000,000 | 100 | 120,000,000 |
| 2. | Unsold portion of Provence (Phases 1 to 5 and completed portion of Phase 6), No. 109 Baishada Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯一至五期及六期完工部份) | 640,000,000 | 100 | 640,000,000 |
| 3. | Unsold portion of Grasse Vieille Ville (Phase 2), Shisi Village, Tanzhou Town, Zhongshan, Guangdong Province, the PRC. (中山海悦城邦二期) | 26,000,000 | 100 | 26,000,000 |
| 4. | Unsold car parking spaces of Landscape Residence, Kejing Road, Luogang District, Guangzhou, Guangdong Province, the PRC. (廣州峰景華庭) | 248,000,000 | 100 | 248,000,000 |
| 5. | Unsold portion of Fragrant Valley, South of Guangshan Highway, East of Kaichuangda Road, Luogang District, Guangzhou, Guangdong Province, the PRC. (廣州香悦山) | 9,500,000 | 100 | 9,500,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 6. | Unsold portion of Easy Life, South of Renmin Xi Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC. (珠海海悦雲天) | 62,000,000 | 100 | 62,000,000 |
| 7. | Unsold portion of Palm Waterfront, North (Phases 1 and 2) and South, South of Government Administrative Centre of Nansha, Nansha District, Guangzhou, Guangdong Province, the PRC. (南沙棕櫚水岸北地塊一至二期及南地塊) | 345,000,000 | 100 | 345,000,000 |
| 8. | Unsold portion of Huizhou Sky Palace (Phase 1), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州天悦龍庭一期) | 110,000,000 | 100 | 110,000,000 |
| 9. | Unsold portion of Logan Century Center, South of Xinghua Road, Baoan District, Shenzhen, Guangdong Province, the PRC. (龍光世紀大廈) | 85,000,000 | 100 | 85,000,000 |
| 10. | Unsold portion of Shenzhen Grand Joy Palace (Phase 3), Longgang Town, Longgang District, Shenzhen, Guangdong Province, the PRC. (深圳君悦龍庭三期) | 6,100,000 | 100 | 6,100,000 |
| 11. | Unsold portion of Shenzhen Sky Palace (Phase 1), Xinan Street, East of Xinhu Road, Baoan District, Shenzhen, Guangdong Province, the PRC. (深圳天悦龍庭一期) | 28,600,000 | 100 | 28,600,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 12. | Unsold portion of Flying Dragon Garden, West of Taishan Road, South of Luohe Road, Longhu District, Shantou, Guangdong Province, the PRC. (汕頭龍騰熙園) | 32,000,000 | 100 | 32,000,000 |
| 13. | Unsold portion of Sunshine Castle, Jintaizhuang, Longhu District, Shantou, Guangdong Province, the PRC. (汕頭陽光華府) | 36,000,000 | 100 | 36,000,000 |
| 14. | Unsold portion of Logan City (Phase 1), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期) | 330,000,000 | 100 | 330,000,000 |
| 15. | Unsold portion of Nanning Grand Riverside Bay (Phase 1), Mingxiu Xi Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧水悅龍灣一期) | 12,000,000 | 100 | 12,000,000 |
| | **Sub-total :** | **2,090,200,000** | | **2,090,200,000** |

**Group II — Properties held by the Group for investment in the PRC**

| | | | | |
|---|---|---|---|---|
| 16. | Portion of Levels 5 to 20 of Phase 1 and Levels 6 to 19 of Phase 2 of Logan Century Center, South of Xinghua Road, Baoan District, Shenzhen, Guangdong Province, the PRC. (龍光世紀大廈) | 2,370,000,000 | 100 | 2,370,000,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 17. | Logan City (Phase 1 — Group I — Ancillary Entertainment Building), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期一組團配套式娛樂綜合樓) | 298,000,000 | 100 | 298,000,000 |
| 18. | Retail portion of Landscape Residence, Kejing Road, Luogang District, Guangzhou, Guangdong Province, the PRC. (廣州峰景華庭) | 38,000,000 | 100 | 38,000,000 |
| 19. | Grocery market at basement 1 and Level 1, Nos. 2 and 3 Building of Champange Manor of Provence (Phase 2), No. 109 Baishada Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧香檳莊園) | 87,000,000 | 100 | 87,000,000 |
| 20. | Kindergarten, Sunflower Manor, Provence (Phase 5), No. 109 Baishada Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯幼稚園) | No commercial value | — | No commercial value |
| 21. | Commercial portion of Shenzhen Sky Palace (Phase 1), East of Xinhu Road, Xinan Street, Baoan District, Shenzhen, Guangdong Province, the PRC. (深圳天悅龍庭一期) | 368,000,000 | 100 | 368,000,000 |
| 22. | Retail portion of Easy Life, South of Renmin Xi Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC. (珠海海悅雲天) | 22,000,000 | 100 | 22,000,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 23. | Commercial building of Seaward Sunshine, South of Hanjiang Road, Longhu District, Shantou, Guangdong Province, the PRC (汕頭尚海陽光) | 110,000,000 | 100 | 110,000,000 |
| 24. | Retail portion of Nanning Grand Riverside Bay (Phase 1 — under development portion and Phase 2), Mingxiu Xi Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧水悅龍灣一期(發展中部份)及二期) | 340,000,000 | 100 | 340,000,000 |
| 25. | Retail portion of Logan City (Phase 1 — Group 2), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期二組團) | 88,000,000 | 100 | 88,000,000 |
| | **Sub-total:** | **3,721,000,000** | | **3,721,000,000** |

## Group III — Properties held by the Group under development in the PRC

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| 26. | A proposed development to be known as Provence (Phases 6 to 8), Baisha Road, South of Xintun Road, West of Ping Yang Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯六至八期) | 2,100,000,000 | 100 | 2,100,000,000 |
| 27. | A proposed development to be known as Huizhou Sky Palace (Phases 2 and 3), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州天悅龍庭二及三期) | 530,000,000 | 100 | 530,000,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 28. | A proposed development to be known as Huizhou Grand Riverside Bay (Phase 1), Dongjingxin City Wentou Ling, Huicheng District, Huizhou, Guangdong Province, the PRC. (惠州水悦龍灣一期) | 620,000,000 | 100 | 620,000,000 |
| 29. | A proposed development to be known as Imperial Summit Sky Villa, Tiyu Road, Dongcheng District, Dongguan, Guangdong Province, the PRC. (東莞君御旗峰) | 1,740,000,000 | 100 | 1,740,000,000 |
| 30. | A proposed development to be known as Seaward Sunshine, South of Hanjiang Road, Longhu District, Shantou, Guangdong Province, the PRC (汕頭尚海陽光) | 4,540,000,000 | 100 | 4,540,000,000 |
| 31. | A proposed development to be known as Logan City (apartment portion of Phase 1 — Group 1, South Phases 2 to 5 and North Phases 1 and 2), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期一組團公寓、南二至五、北一及二期) | 3,590,000,000 | 100 | 3,590,000,000 |
| 32. | A proposed development to be known as Nanning Grand Riverside Bay (Phase 1 (under development portion), Phases 2 and 3), Mingxiu Xi Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧水悦龍灣一期(發展中部份)、二及三期) | 1,540,000,000 | 100 | 1,540,000,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 33. | A proposed development to be known as Chengdu Sky Palace, Liuli Town, Jinjiang District, Chengdu, Sichuan Province, the PRC. (成都天悦龍庭) | 1,280,000,000 | 100 | 1,280,000,000 |
| 34. | A proposed development to be known as Ocean Grange, Grasse Vieille Ville (Phase 3), Shisi Village, Tanzhou Town, Zhongshan, Guangdong Province, the PRC. (中山海悦城邦三期—海悦熙園) | 500,000,000 | 100 | 500,000,000 |
| 35. | A proposed development to be known as Foshan Grand Joy Castle, North of Liming Road, East of Gangkou Road, Chancheng District, Foshan, Guangdong Province, the PRC. (佛山君悦華府) | 320,000,000 | 100 | 320,000,000 |
| 36. | A proposed development to be known as Zhongshan Grand Garden, Caihong Planning Zone, West District, Zhongshan, Guangdong Province, the PRC. (中山水悦熙園) | 270,000,000 | 100 | 270,000,000 |
| 37. | A proposed development to be known as Grand Riverside Bay (Phase 1), West of Changang Road, South of Nanzhuangda Road, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, the PRC. (佛山水悦龍灣一期) | 975,000,000 | 66 | 643,500,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 38. | A proposed development to be known as Nanning Royal Castle, East of Zhuxi Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧君御華府) | 730,000,000 | 100 | 730,000,000 |
| 39. | A proposed development to be known as Foshan Joy Palace, South of Luowu Road, West of Luocunda Road, Luocun Street, Nanhai District, Foshan, Guangdong Province, the PRC. (佛山君悦龍庭) | 850,000,000 | 100 | 850,000,000 |
| 40. | A proposed development to be known as Longteng Homestead (Phase 1), Jinfeng Bandao, South of Jinfengxi Road, Jinping District, Shantou, Guangdong Province, the PRC. (汕頭龍騰嘉園一期) | 620,000,000 | 100 | 620,000,000 |
| 41. | A proposed development to be known as Ocean Vista Residence, Grasse Vieille Ville (Phase 4), Shisi Village, Tanzhou Town, Zhongshan, Guangdong Province, the PRC. (中山海悦城邦四期—海悦華庭) | 520,000,000 | 100 | 520,000,000 |
| | **Sub-total:** | **20,725,000,000** | | **20,393,500,000** |

## Group IV — Properties held by the Group for future development in the PRC

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 42. | A proposed development to be known as Huizhou Grand Riverside Bay (Phase 2), Dongjiangxin City, Wentou Ling, Huicheng District, Huizhou, Guangdong Province, the PRC. (惠州水悦龍灣二期) | 360,000,000 | 100 | 360,000,000 |
| 43. | A proposed development to be known as Logan City, Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城) | 5,300,000,000 | 100 | 5,300,000,000 |
| 44. | A proposed development to be known as Seaside Dragon Bay, Dadun Village Committee, Lian Town, Lingshui County, Hainan Province, the PRC. (海南海語龍灣) | 2,100,000,000 | 100 | 2,100,000,000 |
| 45. | A proposed development to be known as Provence (Phase 9), East of Jinyang Road, North of Jinkai Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯九期) | 390,000,000 | 100 | 390,000,000 |
| 46. | A proposed development to be known as Dongguan Grand Joy Castle, Shida Road, Dalingshan Town, Dongguan, Guangdong Province, the PRC. (東莞君御華府) | 180,000,000 | 100 | 180,000,000 |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 47. | A proposed development to be known as Foshan Grand Riverside Bay (Phase 2), West of Changangda Road, South of Nanzhuang Road, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, the PRC. (佛山水悦龍灣二期) | 320,000,000 | 66 | 211,200,000 |
| 48. | A proposed development to be known as Shanjie Building, East of Wenhua Road, South of Ronggui Wenhaixi Road, Shunde District, Foshan, Guangdong Province, the PRC. (汕頭尚街大廈) | 180,000,000 | 100 | 180,000,000 |
| 49. | A parcel of land, West of Nanhada Road, North of Lujing Road Chancheng District, Foshan, Guangdong Province, the PRC. (佛山綠景路項目) | 601,000,000 | 100 | 601,000,000 |
| 50. | The remaining portion of a proposed development to be known as Longteng Homestead, Jinfeng Bandao, South of Jinfengxi Road, Jinping District, Shantou, Guangdong, the PRC. (汕頭龍騰嘉園餘下部份) | 500,000,000 | 100 | 500,000,000 |
| | **Sub-total:** | **9,931,000,000** | | **9,822,200,000** |

**Group V — Property contracted to be acquired by the Group in the PRC**

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 51. | A parcel of land , Northeastern side of Chang Zhou Da Qiao, West District, Zhongshan, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| | **Sub-total:** | **No commercial value** | | **No commercial value** |

**Group VI — Property leased to the Group in Hong Kong**

| | | | | |
|---|---|---|---|---|
| 52. | Suites 4106-4108, 41/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong | No commercial value | — | No commercial value |
| | **Sub-total:** | **No commercial value** | | **No commercial value** |

**Group VII — Properties leased to the Group in the PRC**

| | | | | |
|---|---|---|---|---|
| 53. | Unit 707, No. 11 Hengyang Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, Nanning, the PRC. | No commercial value | — | No commercial value |
| 54. | Units A913, A915 and A916, 9/F, Block A, International Building, Dayawan District, Huizhou, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 55. | Units 1204 and 1205, 12/F, Qingxiu Building, No. 68 Dongge Road, Nanning, Guangxi Zhuang Autonomous Region, the PRC. | No commercial value | — | No commercial value |
| 56. | A unit at Yelin Nangan Road, Lingshui, Hainan Province, the PRC. | No commercial value | — | No commercial value |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 57. | 5/F, North Building, Guancheng Shimin Plaza, No. 1 Gaodi Street, Guancheng District, Dongguan, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 58. | Units 2203 and 2204, 22/F, Block A, Yinhai Xinzuo, No. 163 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the PRC. | No commercial value | — | No commercial value |
| 59. | Units 1004 and 1005, Guang Ming Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 60. | Unit of B District, Level 1, No. 92, Block No. 41, District 1, No. 8 Hu Jing Road, Chancheng District, Foshan, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 61. | Unit 2 of 3/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 62. | Unit 2/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | No commercial value | — | No commercial value |

| | Property | Market value in existing state as at October 31, 2013 | Interest attributable to the Group | Market value in existing state attributable to the Group as at October 31, 2013 |
|---|---|---|---|---|
| | | (RMB) | (%) | (RMB) |
| 63. | Unit 4 of 2/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 64. | Unit 3 of 3/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 65. | No. 22 Zhen Hua Road, Da Ling Shan Town, Dongguan, Guangdong, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 66. | Unit 205, South Building, No. 8 Shenghua Road, Xi District, Zhongshan, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 67. | No. 49 Rong Gui Feng Ning Road, Shunde, Foshan, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| 68. | Unit of C District, Level 1, No. P2, Block No. 41, District 1, No. 8 Hu Jing Road, Chancheng District, Foshan, Guangdong Province, the PRC. | No commercial value | — | No commercial value |
| **Sub-total:** | | **No commercial value** | | **No commercial value** |
| **Grand-total:** | | **36,467,200,000** | | **36,026,900,000** |

## VALUATION CERTIFICATE

**Group I — Properties held by the Group for sale in the PRC**

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 1. | Unsold portion of Grand View (Phases 3 and 4), East of Deshen Meijiao River, Ronggui Town, Shunde District, Foshan, Guangdong Province, the PRC.<br>(佛山水悦雲天三及四期) | The property comprises the unsold residential portion and 80 car parks of a residential development Grand View completed in between 2011 and 2012.<br>The property has a gross floor area of approximately 10,873.84 sq m.<br>The property is located at Shunde District, which is in urban area of Foshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for a term due to expire on August 23, 2078 for residential use. | The property is vacant. | RMB120,000,000 |

*Notes:-*

(1) According to 5 State-owned Land Use Rights Certificates Nos. (2009)1003048, 1003078, 1003079, 1003080 and 1003081 issued by Foshan Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 83,033.28 sq m have been vested in Foshan Shunde Logan Realty Co., Ltd. (佛山市順德區龍光置業房產有限公司) for a term due to expire on August 23, 2078 for residential use.

(2) According to the information provided by the Group, various residential units of the property with a total gross floor area of approximately 4,459 sq m and 16 car parks are subject to various purchase and sale agreements for a total consideration of RMB42,652,333. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to the Business Licence No. 4406811000061999 Foshan Shunde Logan Realty Co., Ltd. was established as a limited company with a registered capital of RMB35,295,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Foshan Shunde Logan Realty Co., Ltd. is the sole legal land user of the property;

(ii) Foshan Shunde Logan Realty Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB8,000 to RMB13,500 per sq. m. for the residential portion and RMB250,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB7,000 to RMB15,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB180,000 to RMB270,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 2. | Unsold portion of Provence (Phases 1 to 5 and completed portion of Phase 6), No. 109 Baishada Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯一至五期及六期完工部份) | The property comprises the unsold residential and retail portion with 851 car parks in Phases 1 to 6 of a composite development Provence completed in between 2008 and 2013.<br><br>The property has a total gross floor area with details as follows:-<br><br>Use / Approximate Gross Floor Area (sq m)<br>Residential 34,509.58<br>Commercial 13,358.46<br>**Total 47,868.04**<br><br>The property is located at Jiangnan District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for various terms (see note 1). | The property is vacant. | RMB640,000,000 |

*Notes:-*

(1) According to 6 State-owned Land Use Rights Certificates Nos. (2006)438114, (2006)438731, (2007)443542, (2007)G00007784, (2008)505184 and (2010)552357 issued by Nanning Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 398,585.52 sq m have been vested in Nanning Logan Property Co., Ltd. (南寧市龍光房地產開發有限公司) for various land use terms and the details are set out as below:-

| Certificate no. | Land Use Rights Term |
|---|---|
| (2006) 438114 | due to expire on July 3, 2076 for residential use;<br>due to expire on July 3, 2056 for commercial/financial use;<br>due to expire on July 3, 2046 for retail use. |
| (2006) 438731 | due to expire on August 23, 2076 for residential use;<br>due to expire on August 23, 2046 for commercial use;<br>due to expire on August 23, 2056 for office use. |

| Certificate no. | Land Use Rights Term |
|---|---|
| (2007) 443542 | due to expire on March 31, 2077 for residential use;<br>due to expire on March 31, 2047 for commercial use;<br>due to expire on March 31, 2057 for office use. |
| (2007) G00007784 | due to expire on October 16, 2077 for residential use;<br>due to expire on October 16, 2047 for commercial use;<br>due to expire on October 16, 2057 for office use. |
| (2008) 505184 | due to expire on October 4, 2076 for residential use;<br>due to expire on October 4, 2046 for commercial use;<br>due to expire on October 4, 2056 for office use. |
| (2010) 552357 | due to expire on November 15, 2080 for residential use;<br>due to expire on November 15, 2050 for retail use;<br>due to expire on November 15, 2060 for commercial/financial use. |

(2) According to the information provided by the Group, various retail and residential units of the property with a total gross floor area of approximately 18,029.01 sq m and 24 car parks are subject to various purchase and sale agreements for a total consideration of RMB17,341,370. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to Business Licence No.450112200004933 dated May 5, 2010, Nanning Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB50,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB6,800 per sq. m. for the residential portion, RMB21,000 for the commercial portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,800 to RMB7,100 per sq m. The price of commercial premises range from about RMB20,000 to RMB23,000. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales transactions have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 3. | Unsold portion of Grasse Vieille Ville (Phase 2), Shisi Village, Tanzhou Town, Zhongshan, Guangdong Province, the PRC. (中山海悅城邦二期) | The property comprises a residential unit and 314 car parks in Phase 2 of Grasse Vieille Ville completed in 2011.<br><br>The property has a gross floor area of 48.88 sq m.<br><br>The property is located at Tanzhou Town, which is in sub-urban area of Zhongshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term due to expire on June 3, 2073 for commercial and residential use. | The property is vacant. | RMB26,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2007) 330854 and (2001)330855 issued by Zhongshan City Land and Resource Bureau dated August 10, 2007, the land use rights of the property with a site area having a site area of 85,153.40 sq m have been granted to Zhongshan Logan Property Co., Ltd. (中山市龍光房地產有限公司) for a land use term due to expire on June 3, 2073 for commercial and residential use.

(2) According to the information provided by the Group, 9 car parks of the property are subject to various purchase and sale agreements for a total consideration of RMB671,400. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to Business Licence No.442000000198599 dated March 15, 2011, Zhongshan Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Zhongshan Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Zhongshan Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB6,200 per sq. m. for the residential portion and RMB80,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB6,000 to RMB6,400 per sq m. In the aspect of car parking spaces, the prices range from about RMB60,000 to RMB95,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 4. | Unsold car parking spaces of Landscape Residence, Kejing Road, Luogang District, Guangzhou, Guangdong Province, the PRC. (廣州峰景華庭) | The property comprises 2,064 unsold car parks of Landscape Residence completed in 2010.<br><br>The property is located at Luogang District, which is in sub-urban area of Guangzhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term due to expire on February 6, 2077 for commercial and residential uses. | The property is vacant. | RMB248,000,000 |

*Notes:-*

(1) According to 4 State-owned Land Use Rights Certificates Nos. (07)(05)000036 to (07)(05)000038 and (07)(05)000040 dated April 19, 2007 issued by Guangzhou Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 102,732 sq m have been vested in Guangzhou Logan Property Co., Ltd. (廣州市龍光房地產有限公司) for a term due to expire on February 6, 2077 for commercial and residential uses.

(2) According to Completion Examination and Acceptance Form Nos. (2010)074, (2010)082, (2010)118, (2008) 119, (2010)075 and (2009)131, Block Nos. 1 to 10 situated at plot no. KXC-H4 of Guangzhou Science City with a total gross floor area of 344,181.80 sq m has been filed for completion examination.

(3) According to the Business Licence No. 440101000036262 dated April 1, 2010, Guangzhou Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB40,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Guangzhou Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Guangzhou Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB120,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to sales prices of car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables within the same district. The prices of car parking spaces range from about RMB116,000 to RMB150,000 per lot. The unit rate assumed by us is consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to location and accessibility in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 5. | Unsold portion of Fragrant Valley, South of Guangshan Highway, East of Kaichuangda Road, Luogang District, Guangzhou, Guangdong Province, the PRC. (廣州香悅山) | The property comprises various residential units of Fragrant Valley which was completed in 2011.<br><br>The property has a gross floor area of 463.30 sq m.<br><br>The property is located at Luogang District, which is in sub-urban area of Guangzhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term of 70 years for residential use expiring on February 6, 2077, 40 years for commercial use expiring on February 6, 2047, and 50 years for other uses expiring on February 6, 2057. | The property is vacant. | RMB9,500,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificates Nos. (07)(05)000039 dated April 19, 2007 issued by Guangzhou Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 39,299 sq m have been vested in Guangzhou Logan Property Co., Ltd. (廣州市龍光房地產有限公司) for commercial and residential uses.

(2) According to the Business Licence No. 440101000036262 dated April 1, 2010, Guangzhou Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB40,000,000.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Guangzhou Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Guangzhou Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) In valuing the property, we have assumed about RMB20,600 per sq. m. for the residential portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB20,000 to RMB25,000 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 6. | Unsold portion of Easy Life, South of Renmin Xi Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC. (珠海海悦雲天) | The property comprises various residential and retail units with 295 car parks of Easy Life completed in 2012.<br><br>The property has a total gross floor area with details as follows:-<br><br>**Use** — **Approximate Gross Floor Area (sq m)**<br>Residential — 221<br>Commercial — 296<br>**Total** — **517**<br><br>The property is located at Xiangzhou District, which is in sub-urban area of Zhuhai. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms due to expire on July 29, 2068 for residential use and July 29, 2048 for commercial use. | The property is vacant. | RMB62,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. 0100038832 issued by People's Government of Zhuhai, the land use rights of the property having a site area of 18,862.39 sq m have been vested in Zhuhai Logan Property Development Co., Ltd. (珠海市龍光房地產開發有限公司) for land use terms due to expire on July 29, 2068 for residential use and July 29, 2048 for commercial use.

(2) According to the information provided by the Group, as at the valuation date, residential and retail portion of the property with a total gross floor area of 517 sq m and 3 car parks are subject to various purchase and sale agreements for a total consideration of RMB15,526,304. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to Business Licence No. 440400000045248 dated February 1, 2012, Zhuhai Logan Property Development Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Zhuhai Logan Property Development Co., Ltd. is the sole legal land user of the property;

(ii) Zhuhai Logan Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB160,000 for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables within the same district. The prices of car parking spaces range from about RMB150,000 to RMB170,000 per lot. The unit rate assumed by us is consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 7. | Unsold portion of Palm Waterfront, North (Phases 1 and 2) and South, South of Government Administrative Centre of Nansha, Nansha District, Guangzhou, Guangdong Province, the PRC. (南沙棕櫚水岸北地塊一至二期及南地塊) | The property comprises various residential and retail units with 1,230 car parks of Nansha Palm Waterfront completed in between 2011 and 2013. The property has a total gross floor area with details as follows:- | The property is vacant. | RMB345,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 11,298 |
| Commercial | 1,725 |
| **Total** | **13,023** |

The property is located at Nansha District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for various terms (see note 1).

*Notes:-*

(1) According to 3 State-owned Land Use Rights Certificates Nos. (09)(04)000046, (09)(04)000047, (2010)04100044 issued by Guangzhou Land Resources and Housing Management Bureau on September 21, 2009 and October 8, 2010 respectively, the land use rights of the property with a total site area of 158,432 sq m have been vested in Guangzhou Logan Realty Co., Ltd. (廣州市龍光房置業有限公司) for various land use terms and the details are set out as below:-

| Certificate no. | Land Use Rights Term |
|---|---|
| 09(04) 00046<br>09(04) 00047 | due to expire on September 20, 2079 for residential use; |
| (2010) 04100044 | 70 years commencing from September 29, 2010 for residential use;<br>40 years commencing from September 29, 2010 for commercial, tourism and entertainment uses,<br>50 years commencing from September 29, 2010 for office and other uses |

(2) According to the information provided by the Group, as at the valuation date, various residential and commercial units and 102 car parks of the property with a total gross floor area of

approximately 4,855 sq m is subject to various purchase and sale agreements for a total consideration of RMB80,986,541. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to the Business Licence No. 440101000036279 dated April 1, 2010, Guangzhou Logan Realty Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Guangzhou Logan Realty Co., Ltd. is the sole legal land user of the property;

(ii) Guangzhou Logan Realty Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB9,500 to RMB23,000 per sq. m. for the residential portion, RMB33,000 for the commercial portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. these comparables properties are selected as they have characteristics comparable to the property. we have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB8,800 to RMB25,000 per sq m. The price of commercial premises range from about RMB30,000 to RMB36,000. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB150,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 8. | Unsold portion of Huizhou Sky Palace (Phase 1), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州天悦龍庭一期) | The property comprises the unsold residential and retail portion of Phase 1 of Huizhou Sky Palace completed in 2013.<br><br>The property has a total gross floor area with details as follows:-<br><br>**Use** / **Approximate Gross Floor Area (sq m)**<br>Residential: 504<br>Commercial: 10,229<br>**Total: 10,733**<br><br>The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term due to expire on November 13, 2077 for residential use and due to expire on November 13, 2047 for commercial use. | The property is vacant. | RMB110,000,000 |

*Notes:-*

(1) According to 2 State-owned Land Use Rights Certificate No. (2008)13210300615 and (2008)13210300617 issued by Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 89,328.10 sq m has been vested in Huizhou Daya Bay Logan Property Co., Ltd. (惠州大亞灣龍光房地產有限公司) for land use terms due to expire on November 13, 2077 for residential use and due to expire on November 13, 2047 for commercial use.

(2) According to the information provided by the Group, as at the valuation date, various residential units of the property with a total gross floor area of approximately 80 sq m are subject to various purchase and sale agreements for a total consideration of RMB352,874. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to Business Licence No. 441300000015122, Huizhou Daya Bay Logan Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB10,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB5,300 per sq. m. for the residential portion and RMB11,000 per sq. m. for the commercial portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB5,000 to RMB5,600 per sq m. In the aspect of commercial portion, the prices range from about RMB9,500 to RMB13,000 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 9. | Unsold portion of Logan Century Center, South of Xinghua Road, Baoan District, Shenzhen, Guangdong Province, the PRC. (龍光世紀大廈) | The property comprises various office units of Logan Century Center completed in 2010.<br><br>The property has a total gross floor area of 1,492.38 sq m.<br><br>The property is located at the center of Baoan District of Shenzhen. Developments nearby are mainly office development. According to the information provided by the Group, the property is for office use.<br><br>The land use rights of the property have been granted for 50 years due to expire on July 27, 2056 for commercial and office uses. | The property is vacant. | RMB85,000,000 |

*Notes:-*

(1) According to Stated-owned Land Use Rights Certificate No. 5000230906 dated August 18, 2006, the land use rights of the property have been granted to Shenzhen Logan Property Co., Ltd. (深圳市龍光 房地產有限公司) with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 17,203.43 sq m |
| (ii) | Uses | : | Commercial and office |
| (iii) | Land use term | : | 50 years from July 28, 2006 to July 27, 2056 |

(2) According to Real Estate Title Certificates issued by Shenzhen Real Estate Title Registration center (深圳市房地產權登記中心), Shenzhen Logan Property Co., Ltd. has the ownership of the property with a total gross floor area of 1,492.38 for office use.

(3) According to the Business Licence No. 440106102840230 dated January 17, 2011, Shenzhen Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB28,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shenzhen Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Shenzhen Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB57,000 per sq. m. for the office portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of office premises. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of office developments. The prices of office premises range from about RMB53,000 to RMB60,000 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 10. | Unsold portion of Shenzhen Grand Joy Palace (Phase 3), Longgang Town, Longgang District, Shenzhen, Guangdong Province, the PRC. (深圳君悦龍庭三期) | The property comprises 2 residential units of Grand Joy Palace completed in 2010.<br><br>The property has a gross floor area of 321.86 sq m.<br><br>The property is located at Longgang District, which is in sub-urban area of Shenzhen. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term of 70 years due to expire on December 19, 2075 for residential use. | The property is vacant. | RMB6,100,000 |

*Notes:-*

(1) According to Stated-owned Land Use Rights Certificate No. 6000195299 issued by Shenzhen Land Resources Bureau dated February 14, 2006, the land use rights of the property with a site area of 66,707.59 sq m have been granted to Shenzhen Logan Property Co., Ltd. (深圳市龍光房地產有限公司) for a term of 70 years due to expire on December 19, 2075 for residential use.

(2) According to the Business Licence No. 440106102840230 dated January 17, 2011, Shenzhen Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB28,000,000.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shenzhen Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Shenzhen Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) In valuing the property, we have assumed about RMB19,000 per sq. m. for the residential portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB16,000 to RMB23,000 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 11. | Unsold portion of Shenzhen Sky Palace (Phase 1), Xinan Street, East of Xinhu Road, Baoan District, Shenzhen, Guangdong Province, the PRC. (深圳天悦龍庭一期) | The property comprises a retail unit of Shenzhen Sky Palace completed in 2006.<br>The property has a gross floor area of 317.86 sq m.<br>The property is located at the center of Baoan District of Shenzhen. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for a land use term due to expire on April 10, 2073 for commercial and financial uses. | The property is vacant. | RMB28,600,000 |

*Notes:-*

(1) According to Certificate of Real Estate Ownership Nos. 500203916, the land use right and the building ownership of the property with a total gross floor area of approximately 317.86 sq m, had been vested in Shenzhen Logan Property Co., Ltd. (深圳市龍光房地產有限公司) for a land use term of 70 years due to expire on April 10, 2073 for commercial and financial uses.

(2) According to the Business Licence No. 440106102840230 dated January 17, 2011, Shenzhen Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB28,000,000.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shenzhen Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Shenzhen Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) In valuing the property, we have assumed about RMB90,000 per sq m. for the retail portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of commercial premises within the same district which have characteristics comparable to the property. The prices of retail premises range from about RMB86,000 to RMB108,000 per sq m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 12. | Unsold portion of Flying Dragon Garden, West of Taishan Road, South of Luohe Road, Longhu District, Shantou, Guangdong Province, the PRC. (汕頭龍騰熙園) | The property comprises the unsold residential and retail portion with 94 car parks of Flying Dragon Garden completed in 2012.<br><br>The property has a total gross floor area with details as follows:-<br><br>Use / Approximate Gross Floor Area (sq m)<br>Residential: 2,467.12<br>Commercial: 399.46<br>**Total: 2,866.58**<br><br>The property is located at Longhu District, which is in urban area of Shantou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for land use terms due to expire on May 24, 2064 and June 28, 2079 for residential use. | The property is vacant. | RMB32,000,000 |

*Notes:-*

(1) According to Stated-owned Land Use Rights Certificate Nos. (2010) 10700199, (2010)10700206 issued by Shantou People's Government dated September 8, 2010 and October 21, 2010 respectively, the land use rights of the property with a site area of 53,850.60 sq m have been granted to Shantou Jinfengyuan Realty Co., Ltd. (汕頭金鋒園置業有限公司) for terms due to expire on May 24, 2064 and June 28, 2079 for residential use.

(2) According to the information provided by the Group, as at the valuation date, various units of the property with a total gross floor area of approximately 955 sq m are subject to various purchase and sale agreements for a total consideration of RMB4,599,644. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to the Business Licence No. 440500000030568 dated December 12, 2010, Shantou Jinfengyuan Realty Co., Ltd. was established as a limited company with a registered capital of RMB66,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shantou Jinfengyuan Realty Co., Ltd. is the sole legal land user of the property;

(ii) Shantou Jinfengyuan Realty Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB5,000 per sq. m. for the residential portion, RMB15,000 for the commercial portion and RMB150,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB4,600 to RMB6,800 per sq m. The price of commercial premises range from RMB12,000 to RMB20,000. In the aspect of car parking spaces, the prices range from about RMB140,000 to RMB180,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 13. | Unsold portion of Sunshine Castle, Jintaizhuang, Longhu District, Shantou, Guangdong Province, the PRC. (汕頭陽光華府) | The property comprises the unsold residential portion of Sunshine Castle. completed in 2012.<br><br>The property has a total gross floor area of 1,715 sq m and 72 car parks.<br><br>The property is located at Longhu District, which is in urban area of Shantou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term due to expire on April 18, 2064 for residential use. | The property is vacant. | RMB36,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2009) 10700147 issued by the Land Resources Bureau of Shantou on September 3, 2009, the land use rights with a site area of 5,165.95 sq m have been vested in Shantou Logan Property Co., Ltd. (汕頭市龍光房地產有限公司) for land use term due to expire on April 18, 2064 for residential use.

(2) According to Completion Examination and Acceptance Form No. 2013A005, the property has been filed for completion examination.

(3) According to the information provided by the Group, various residential units of the property with a total gross floor area of approximately 1,045 sq m are subject to various purchase and sale agreements for a total consideration of RMB11,420,214. We have taken into account the amount aforesaid in the course of our valuation.

(4) According to Business Licence No. 440500000018379 dated April 16, 2010, Shantou Logan Property Co., Ltd. was established as a limited company in the PRC with a registered capital of RMB10,000,000.

(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) Shantou Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Shantou Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property, we have assumed about RMB12,000 per sq m. for the residential portion and RMB230,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB11,000 to RMB12,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB210,000 to RMB270,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 14. | Unsold portion of Logan City (Phase 1), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期) | The property comprises the unsold residential portion of Phase 1 of Logan City completed in between 2011 and 2012.<br><br>The property has a total gross floor area of 19,801 sq m and 1,550 car parks.<br><br>The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms of 70 years from March 12, 2007 for residential use and 40 years from March 12, 2007 for commercial use. | The property is vacant. | RMB330,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificates No. (2009) 13210100355 and (2009) 13210100358 dated May 1, 2009 issued by Huizhou Land Resources Bureau (惠州國土資源局), the land use rights of the property with a site area of 192,824 sq m have been vested in Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司) with terms of 70 years from March 12, 2007 for residential use and 40 years from March 12, 2007 for commercial use.

(2) According to Completion Examination and Acceptance Form dated December 24, 2012, Block Nos. 47-51, 47-59 and Nos. 52-56 of Phase 1.2 has been filed for completion examination.

(3) According to Completion Examination and Acceptance Form dated December 6, 2011, Block nos. 4-32, 34-40 of Phase 1.1 has been filed for completion.

(4) According to the information provided by the Group, various residential units of the property with a total gross floor area of approximately 7,348 sq m are subject to various purchase and sale agreements for a total consideration of RMB37,161,410. We have taken into account the amount aforesaid in the course of our valuation.

(5) According to Business Licence No. 441300000019765, Huizhou Daya Bay Dongzhen Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB30,000,000.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Dongzhen Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Dongzhen Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(7) In valuing the property, we have assumed about RMB5,000 to RMB20,000 per sq m. for the residential portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB4,700 to RMB21,500 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB110,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 15. | Unsold portion of Nanning Grand Riverside Bay (Phase 1), Mingxiu Xi Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧水悅龍灣一期) | The property comprises the unsold residential portion of Phase 1 of Grand Riverside Bay completed in 2012.<br><br>The property has a gross floor area of 1,920 sq m.<br><br>The property is located at Mingxiu West Road, Xixiangtang District, which is in urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms of 70 years from July 15, 2010 for residential use and 40 years from July 15, 2010 for commercial use. | The property is vacant. | RMB12,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificates No. (2010)533458 dated July 22, 2010 issued by Nanning Land Resources Bureau (南寧國土資源局), the land use rights of the property with a total site area of 73,708.89 sq m have been vested in Nanning Logan Jinjun Property Development Co., Ltd. (南寧市龍光金駿房地產開發有限公司) with terms of 70 years from July 15, 2010 for residential use and 40 years from July 15, 2010 for commercial use.

(2) According to the information provided by the Group, as at the valuation date, various residential units of the property with a total gross floor area of approximately 1,789 sq m are subject to various purchase and sale agreements for a total consideration of RMB11,086,912. We have taken into account the amount aforesaid in the course of our valuation.

(3) According to Business Licence No. 450100000018672, Nanning Logan Jinjun Property Development Co., Ltd. was established on May 20, 2011 as a limited company with a registered capital of RMB50,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Jinjun Property Development Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Jinjun Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property, we have assumed about RMB6,600 per sq m. for the residential portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB6,600 to RMB7,300 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

**Group II — Properties held by the Group for investment in the PRC**

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 16. | Portion of Levels 5 to 20 of Phase 1 and Levels 6 to 19 of Phase 2 of Logan Century Center, South of Xinghua Road, Baoan District, Shenzhen, Guangdong Province, the PRC. (龍光世紀大廈) | The property comprises a portion of Levels 5 to 20 of Phase 1 and Levels 6 to 19 of Phase 2 of two office towers completed in 2010.<br><br>The property has a total gross floor area of 42,089.62 sq m.<br><br>The property is located at the center of Baoan District of Shenzhen. Developments nearby are mainly office development. According to the information provided by the Group, the property is for office use.<br><br>The land use rights of the property have been granted for a term of 50 years from July 28, 2006 to July 27, 2056 for commercial and office uses. | The property is subject to various tenancies for various terms with the latest expiry date on October 31, 2017. | RMB2,370,000,000 |

*Notes:-*

(1) According to Stated-owned Land Use Rights Certificate No. 5000230906 dated August 18, 2006, the land use rights of the property have been granted to Shenzhen Logan Property Co., Ltd. (深圳市龍光 房地產有限公司) with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 17,203.43 sq m |
| (ii) | Uses | : | Commercial and office |
| (iii) | Land use term | : | 50 years from July 28, 2006 to July 27, 2056 |

(2) According to Real Estate Title Certificates issued by Shenzhen Real Estate Title Registration center (深圳市房地產權登記中心), Shenzhen Logan Real Estate Co., Ltd. has the ownership of the property with a total gross floor area of 42,089.62 for office use.

(3) According to the Business Licence No. 440306102840230 dated January 17, 2011, Shenzhen Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB28,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shenzhen Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Shenzhen Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB238-264 | 4.25% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of office developments. The rental levels of those major office lettings range from RMB210 to RMB280 per sq m.

We have gathered and analyzed various recent sales and noted that the yields implied in those sales are generally within the range from 3.9% to 4.2% for office premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 17. | Logan City (Phase 1 — Group I — Ancillary Entertainment Building), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期一組團配套式娛樂綜合樓) | Logan City (Phase 1 — Group 1) is erected upon a parcel of land with a site area of approximately 136,005 sq m.<br><br>The development is planned to be developed into a composite development. The property will comprise a 9-storey recreation center with a gross floor area of 19,950.32.<br><br>The property is scheduled to be completed in 2014.<br><br>The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for terms of 70 years from March 12, 2007 for residential use and 40 years from March 12, 2007 for commercial use. | The property is under construction. | RMB298,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificates No. (2009)13210100358 dated May 1, 2009 issued by Huizhou Land Resources Bureau (惠州國土資源局), the land use rights of the property with a site area of 136,005 sq m have been vested in Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司) for terms of 70 years from March 12, 2007 for residential use and 40 years from March 12, 2007 for commercial use.

(2) According to Planning Permit for Construction Use of Land No. 441303200920139 issued by Huizhou Planning and Construction Bureau (惠州市規劃建設局), the proposed construction land use of the property complies with the town planning requirements and permit for construction of a site area of 136,005 sq m.

(3) According to Planning Permit for Construction Works No. 441303201020149 issued by the Huizhou Housing, Urban-Rural Planning and Development Bureau (惠州市住房及城鄉規劃建設局),

the construction works regarding the parcel of land situated at Southwest Sub-district of the West District with a gross floor area of 151,071.65 sq m are in compliance with the construction works requirements and have been approved.

(4) According to Commencement Permit for Construction Works No. 441301200907200101 issued by Urban Planning Bureau of Huizhou Daya Bay Economic and Technological Development Zone (惠州大亞灣經濟技術開發區規劃建設局), the construction works of the development with a gross floor area of 19,950.32 (a plot ratio gross floor area of 18,889.43 sq m). are in compliance with the requirements for works commencement and have been permitted.

(5) According to Business Licence No. 441300000019765, Huizhou Daya Bay Dongzhen Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB30,000,000.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Dongzhen Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Dongzhen Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(7) In valuing the property, we have assumed about RMB16,500 per sq m.

In undertaking our valuation of the property, we have made reference to various recent sales prices of commercial premises within the same district which have characteristics comparable to the property. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. The prices of commercial premises range from about RMB12,000 to RMB22,600 per sq m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 18. | Retail portion of Landscape Residence, Kejing Road, Luogang District, Guangzhou, Guangdong Province, the PRC. (廣州峰景華庭) | The property comprises the retail portion of Landscape Residence which was completed in 2010.<br><br>The property has a total gross floor area of 2,226 sq m.<br><br>The property is located at Luogang District, which is in sub-urban area of Guangzhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for a term due to expire on February 6, 2077 for commercial and residential uses. | The property is vacant. | RMB38,000,000 |

*Notes:-*

(1) According to 4 State-owned Land Use Rights Certificates No. (07)(05)000036 to (07)(05)000038 and (07)(05)000040 dated April 19, 2007 issued by Guangzhou Land Resources and Housing Management Bureau (廣州市國土資源和房屋管理局), the land use rights of the property with a total site area of 102,732 sq m have been vested in Guangzhou Logan Property Co., Ltd. (廣州市龍光房地產有限公司) for a term due to expire on February 6, 2077 for commercial and residential uses.

(2) According to Business Licence No. 440101000036262 dated April 1, 2010, Guangzhou Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB40,000,000.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Guangzhou Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Guangzhou Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB88-135 | 6.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. On basis of commercial premises, the rental levels of those major retail lettings range from approximately RMB80 per sq m to RMB156 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 5.9% to 6.3% for commercial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 19. | Grocery market at basement 1 and Level 1, Nos. 2 and 3 Building of Champange Manor of Provence (Phase 2), No. 109 Baishada Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧香檳莊園) | The property comprises B1 and 1st Floor of the commercial podium of Champagne Manor completed in 2009.<br>The property has a total gross floor area of 7,940.89 sq m.<br>The property is located at Jiangnan District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br>The land use rights of the property have been granted for terms due to expire on August 23, 2076 for residential use, due to expire on August 23, 2046 for commercial use and due to expire on August 23, 2056 for office use. | The property is subject to a lease agreement for a term of 15 years from July 15, 2009 to July 14, 2024 for a monthly unit rent of RMB28/sq m. and subject to an annual growth rate of 3% from July 15, 2011 (including management fee). | RMB87,000,000 |

*Notes:-*

(1) According to Stated-owned Land Use Rights Certificates Nos. (2006)438731 issued by Land Resources Bureau of Nanning (南寧市國土資源局), the land use rights of the property having a site area of 60,273.78 sq m have been vested in Nanning Logan Property Co., Ltd. (南寧市龍光房地產開發有限公司) for terms due to expire on August 23, 2076 for residential use, due to expire on August 23, 2046 for commercial use and due to expire on August 23, 2056 for office use.

(2) According to 2 Building Ownership Rights Certificates No.01972994 and No.01972995 issued by Housing Management Bureau of Nanning (南寧市房產管理局), Nanning Logan Property Co., Ltd. has the ownership of the property with a total ground floor area of 7,940.89 sq m for commercial use.

(3) According to Business License No.450112200004933 dated May 5, 2010, Nanning Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB50,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property;

(iii) A portion of the property is subject to a mortgage in favor of Bank of Communication; and

(iv) Other than the above mentioned mortgages, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB84-112 | 6.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. On basis of commercial premises, the rental levels of those major retail lettings range from approximately RMB67 per sq m to RMB130 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 5.7% to 6.5% for commercial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 20. | Kindergarten, Sunflower Manor, Provence (Phase 5), No. 109 Baishada Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (普羅旺斯幼稚園) | The property comprises a 3-storey building completed in 2011. It was built for kindergarten education purpose in the community.<br><br>The property has a gross floor area of 2,714.48 sq m.<br><br>The property is located at Jiangnan District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for terms due to expire on October 16, 2077 for residential use, due to expire on October 16, 2057 for office use and due to expire on October 16, 2047 for commercial use. | The property is subject to a lease agreement for a term of 10 years from September 1, 2011 to August 31, 2021 with a monthly unit rent of RMB5/sq m for the first two years and RMB6.25/sq m for the latter eight years. | No commercial value |

*Notes:-*

(1) We noted that the Building Ownership Certificate of the property has not been obtained. In the course of our valuation, we have assigned no commercial value to the property. However, on the assumption that the title certificates have been obtained, the market value of the property as at October 31, 2013 would be RMB11,000,000.

(2) According to Grant Contracts of Land Use Rights No. (2006)24 and its Supplemental Contracts dated between April 10, 2006 and April 16, 2007, the land use rights of the property have been granted to Nanning Logan Property Co., Ltd. (南寧市龍光房地產開發有限公司) with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 390,501.73 sq m (Commercial use: 373,835.06 sq m, ancillary primary school use: 16,666.60 sq m) |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Plot Ratio | : | Less than 2.8 |

| | | | |
|---|---|---|---|
| (iv) | Permitted Gross Floor Area | : | Residential≥80% of total GFA<br>Retail≤10% of total GFA<br>Office≤10% of total GFA |
| (v) | Land Use Terms | : | 40 years for commercial use<br>50 years for office use<br>70 years for residential use |

(3) According to Stated-owned Land Use Rights Certificate No. (2007)G00007784 issued by Nanning Land Resources Bureau (南寧市國土資源局), the land use rights of the property having a site area of 64,206.50 sq m have been vested in Nanning Logan Property Co., Ltd. for terms due to expire on October 16, 2077 for residential use, due to expire on October 16, 2047 for commercial use and due to expire on October 16, 2057 for office use.

(4) According to the investigation report issued by Nanning Golden Rule Survey Co., Ltd. on March 29, 2012, the property has a gross floor area of 2,714.48 sq m.

(5) According to Business License No. 450112200004933 dated May 5, 2010, Nanning Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB50,000,000 for an operating period.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Property Co., Ltd. is the sole legal land user of the property.

(ii) Nanning Logan Property Co., Ltd. has lawfully owned the land use rights of the property; and

(iii) Nanning Logan Property Co., Ltd. has not yet obtained the building ownership certificate of the property.

(7) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB33 | 6.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. The rental levels of those kindergarten lettings range from approximately RMB30 per sq m to RMB36 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 5.7% to 6.5% for commercial premises. We adopted the same capitalization rate for the commercial portion and kindergarten portion of the development as both of these portions are ancillary units within the development.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 21. | Commercial portion of Shenzhen Sky Palace (Phase 1), East of Xinhu Road, Xinan Street, Baoan District, Shenzhen, Guangdong Province, the PRC. (深圳天悦龍庭一期) | The property comprises the commercial portion of Shenzhen Sky Palace completed in 2005.<br><br>The property has a gross floor area of 7,021.25 sq m.<br><br>The property is located at the center of Baoan District of Shenzhen. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for a term of 70 years from April 11, 2003 to April 10, 2073 for residential and commercial uses. | The property is vacant. | RMB368,000,000 |

*Notes:-*

(1) According to Certificate of Real Estate Ownership No. 5000203915 5000535250 and 5000536269 dated June 20, 2006, July 24, 2012 and August 2, 2012, respectively, the land use right ownership and the building ownership of the property with a gross floor area of approximately 7,021.25 sq m, had been vested in Shenzhen Logan Property Co., Ltd. (深圳市龍光房地產有限公司) for a land use term of 70 years from April 11, 2003 to April 10, 2073 for residential and commercial uses.

(2) According to the Business Licence No. 440106102840230 dated January 17, 2011, Shenzhen Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB28,000,000.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shenzhen Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Shenzhen Logan Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB230 | 5.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. On basis of commercial premises, the rental levels of those major retail lettings range from approximately RMB200 per sq m to RMB350 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 4.8% to 5.1% for commercial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 22. | Retail portion of Easy Life, South of Renmin Xi Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC (珠海海悦雲天) | The property comprises various retail units of Easy Life completed in 2012.<br><br>The property has a gross floor area of 542.65 sq m.<br><br>The property is located at Xiangzhou District, which is in sub-urban area of Zhuhai. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for a term due to expire on July 29, 2068 for residential use and 29 July 2048 for commercial uses. | As advised by the Group, as at the date of valuation, the property was subject to a tenancy for a term from April 20, 2013 to December 31, 2017 for a monthly rent of RMB75,000. | RMB22,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. 0100038832 issued by People's Government of Zhuhai, the land use rights of the property having a site area of 18,862.39 sq m have been vested in Zhuhai Logan Property Development Co., Ltd. (珠海市龍光房地產開發有限公司) for land use terms due to expire on July 29, 2068 for residential use and July 29, 2048 for commercial use.

(2) According to Business Licence No. 440400000045248 dated February 1, 2012, Zhuhai Logan Property Development Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Zhuhai Logan Property Development Co., Ltd. is the sole legal land user of the property;

(ii) Zhuhai Logan Property Development Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB250 | 6.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. On basis of commercial premises, the rental levels of those major retail lettings range from approximately RMB250 per sq m to RMB300 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 5.9% to 6.0% for commercial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 23. | Commercial building of Seaward Sunshine, South of Hanjiang Road, Longhu District, Shantou, Guangdong Province, the PRC. (汕頭尚海陽光) | The property comprises a 3-storey commercial building of a composite development completed in 2010.<br><br>The property has a gross floor area of 3,339.53 sq m.<br><br>The property is located at Longhu District, which is in urban area of Shantou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for various terms (see note 1). | The property is vacant. | RMB110,000,000 |

*Notes:-*

(1) According to 3 State-owned Land Use Rights Certificate Nos. (2010)10700203, (2010)10700204 and (2010)10700205 issued by the Land Resources Bureau of Shantou, the land use rights of the property having a total site area of 40,996.40 sq m has been vested in Shantou Jiarun Property Co., Ltd. (汕頭市佳潤房地產有限公司) for a land use term due to expire on 5 May 2068 for residential use.

According to 2 State-owned Land Use Rights Certificate Nos. (2010)10700207 and (2010)10700208 issued by the People's Government of Shantou, the land use rights of the property having a total site area of 25,651.33 sq m has been vested in Shantou Logan Realty Co., Ltd. (汕頭市龍光置業有限公司) for a land use term due to expire on 14 March 2070 for residential use.

According to 2 State-owned Land Use Rights Certificate Nos. (2009)75000511 and (2010)10700195 issued by the Land Resources Bureau of Shantou the land use rights of the property having a total site area of 5,116.41 sq m has been vested in Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) for land use terms due to expire on 14 September 2070 and 15 July 2079 respectively for residential use. According to an entrustment agreement entered between Logan Real Estate Holdings Co., Ltd. and Shantou Logan Realty Co., Ltd. dated February 24, 2011, Shantou Logan Realty Co., Ltd. is entitled to all rights and benefits arising from Logan Real Estate Holdings Co., Ltd's portion of the development.

(2) According to the Investigation Report, the property has a gross floor area of 3,339.53 sq m.

(3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shantou Jiarun Property Co., Ltd and Shantou Logan Realty Co., Ltd are the legal land user of the property;

(ii) Shantou Jiarun Property Co., Ltd. and Shantou Logan Realty Co., Ltd. have lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(4) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB111-185 | 5.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. On basis of commercial premises, the rental levels of those major retail lettings range from approximately RMB110 per sq m to RMB230 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 4.6% to 5.5% for commercial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 24. | Retail portion of Nanning Grand Riverside Bay (Phase 1 — under development portion and Phase 2), Mingxiu Xi Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧水悦龍灣一期(發展中部份)及二期) | Nanning Grand Riverside Bay (Phases 1 and 2) is erected upon a parcel of land with a site area of approximately 73,708.89 sq m.<br><br>The development is planned to be developed into a residential development. According to the information provided by the Group, the property will comprise the retail portion of Phases 1 and 2 of the development with a proposed gross floor area of 23,606.79 sq m.<br><br>The whole development is scheduled to be completed in 2014.<br><br>The property is located at Mingxiu West Road, Xixiangtang District, which is in urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for land use terms of 70 years for residential use and 40 years for retail use from July 15, 2010. | The property is under construction. | RMB340,000,000 |

*Notes:-*

(1) According to the State-owned Land Use Rights Certificate Nos. (2010)533458 issued by the Land Resources Bureau of Nanning, the land use rights of the property having a total site area of 73,708.89 sq m has been vested in Nanning Logan Jinjun Property Development Co., Ltd. (南寧市龍光金駿房地產開發有限公司) for land use terms of 70 years for residential use and 40 years for retail use from July 15, 2010.

(2) According to Grant Contract of Land Use Rights Nos. 2010047 and 2012061 entered into between Nanning Land Resources Bureau and Nanning Logan Jinjun Property Development Co., Ltd.

dated July 15, 2010 and July 16, 2012 respectively, the land use rights of the property have been granted to Nanning Logan Jinjun Property Development Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 82,392.28 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB914,554,308 |
| (v) | Plot ratio | : | Not less than 4.5 and not exceeding 6 |

(3) According to Planning Permit for Construction Use of Land No. 450101201000204, the construction site of the property with a total site area of 73,708.81 m is in compliance with the urban planning requirements.

(4) According to various Planning Permit for Construction Works Nos. 4501012010000945 to 450101201000949, 450101201001184 to 45010201001188, 450101201100885, 450101201100886, 450101201100887, 450101201100888, 450101201200018, 450101201200019, 450101201200020 and 450101201200021, the construction works of the development with a total gross floor area of 646,588.18 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works Nos. 450101201101120101, 450101201101120201, 450101201009010201 and 450101201009010301 issued by Urban-rural Planning Committee (南寧市城鄉建設委員會), the construction works of the development with a gross floor area of 647,541.57 sq m are in compliance with the requirements for works commencement and have been permitted.

(6) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB400,000,000.

(7) According to Business Licence No. 450100000018672, Nanning Logan Jinjun Property Development Co., Ltd. was established on May 20, 2011 as a limited company with a registered capital of RMB50,000,000.

(8) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Jinjun Property Development Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Jinjun Property Development Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property;

(iii) A portion of the property is subject to a mortgage in favor of Industrial and Commercial Bank of China Limited. Under such mortgage contract, Nanning Logan Jinjun Property Development Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Industrial and Commercial Bank of China Limited's agreement in the mortgage period;

(iv) A portion of the property is subject to a mortgage in favor of Bank of China. Under such mortgage contract, Nanning Logan Jinjun Property Development Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Bank of China's agreement in the mortgage period;

(v) A portion of the property is subject to a mortgage in favor of Agricultural Bank of China Limited. Under such mortgage contract, Nanning Logan Jinjun Property Development Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Agricultural Bank of China Limited's agreement in the mortgage period; and

(vi) Other than the above mentioned mortgages, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(9) In valuing the property, we have assumed about RMB14,000 to RMB17,000 per sq m for the retail portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of commercial premises within the same district which have characteristics comparable to the property. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. The prices of commercial premises range from about RMB12,500 to RMB21,000 per sq m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 25. | Retail portion of Logan City (Phase 1 — Group 2), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期二組團) | The property comprises the commercial podium of Logan City Phase 1.2.<br><br>The property has a gross floor area of 6,950 sq m.<br><br>The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for commercial use.<br><br>The land use rights of the property have been granted for terms of 70 years and 40 years commencing from March 12, 2007 for residential use and commercial use respectively. | The property is vacant. | RMB88,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2009)13210100355 issued by the People's Government of Huizhou, the land use rights of the property having a site area of 56,819 sq m has been vested in Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司) for land use terms of 70 years and 40 years commencing from March 12, 2007 for residential use and commercial use respectively.

(2) According to Grant Contract of Land Use Rights No. 441304-D-(2007)0107 entered into between Huizhou Land Resources Bureau and Huizhou Daya Bay Dongzhen Property Co., Ltd. dated March 11, 2007, the land use rights of the property have been granted to Huizhou Daya Bay Dongzhen Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 1,042,454 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB802,616,520 |
| (v) | Plot ratio | : | not exceeding 2 |

(3) According to Business Licence No. 441300000019765 Huizhou Daya Bay Dongzhen Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB30,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Dongzhen Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Dongzhen Property Co., Ltd. has lawfully owned the land use rights of the property and there is no legal impediment for the sale of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) Our key assumptions in the Income Capitalization Approach are:

| Market Monthly Rent (per sq m) | Capitalization Rate |
|---|---|
| RMB53-81 | 6.0% |

In undertaking our valuation, we have made reference to various recent lettings within the similar properties within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables with the similar type of commercial property within the same district. On basis of commercial premises, the rental levels of those major retail lettings range from approximately RMB30 per sq m to RMB81 per sq m.

We have gathered and analyzed various recent sales of shops and noted that the yields implied in those sales are generally within the range of 5.6% to 6.0% for commercial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property, commercial atmosphere.

## VALUATION CERTIFICATE

### Group III — Properties held by the Group under development in the PRC

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 26. | A proposed development to be known as Provence (Phases 6 to 8), Baisha Road, South of Xintun Road, West of Ping Yang Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯六至八期) | The property is erected upon 7 parcels of land with a total site area of approximately 319,334.03 sq m.<br><br>The property is planned to be developed into a composite development. According to the information provided by the Group, the property will have a total gross floor area of 503,454 sq m and 2,839 car parks with details as follows:- | The property is under construction. | RMB2,100,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 296,684.54 |
| Commercial | 33,024.57 |
| Ancillary | 4,734.56 |
| Others | 20,021.33 |
| Basement | 148,989.00 |
| **Total** | **503,454.00** |

The property is scheduled to be completed in 2014.

The property is located at Jiangnan District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for various terms (see note 1).

*Notes:-*

(1) According 7 Stated-owned Land Use Rights Certificates Nos. (2006) 438731, (2007) 443542, (2007) G00007783, (2007) G00007784, (2007) G00007786, (2013) 601632 issued by Land Resources Bureau of Nanning, the land use rights of the property with a total site area of 319,334.03 sq m have been vested in Nanning Logan Property Co., Ltd. (南寧市龍光房地產開發有限公司) for various land use terms due to expire on various dates and the details are set out as below:-

| Certificate no. | Land Use Rights Term |
|---|---|
| (2006) 438731 | due to expire on August 23, 2076 for residential use;<br>due to expire on August 23, 2046 for commercial use;<br>due to expire on August 23, 2056 for office use. |
| (2007) 443542 | due to expire on March 31, 2077 for residential use;<br>due to expire on March 31, 2047 for commercial use;<br>due to expire on March 31, 2057 for office use. |
| (2007) G00007783<br>(2007) G00007784<br>(2007) G00007786 | due to expire on October 16, 2077 for residential use;<br>due to expire on October 16, 2047 for commercial use;<br>due to expire on October 16, 2057 for office use. |
| (2010) 552357 | due to expire on November 15, 2080 for residential use;<br>due to expire on November 15, 2050 for retail use;<br>due to expire on November 15, 2060 for commercial/financial use. |
| (2013) 601632 | 70 year from May 31, 2012 for residential use;<br>40 year from May 31, 2012 for retail use. |

(2) According to Grant Contract of Land Use Rights No. (2006) 24 and its supplemental contracts, the land use rights of the property have been granted to Nanning Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 390,501.73 sq m (Commercial use: 373,835.06 sq m, ancillary primary school use: 16,663 sq m) |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Plot Ratio | : | Less than 2.8 |
| (iv) | Permitted Gross Floor Area | : | Residential≥80% of total GFA<br>Retail≤10% of total GFA<br>Office≤10% of total GFA |
| (v) | Land use term | : | 40 years for commercial use<br>50 years for office use<br>70 years for residential use |

(3) According to Grant Contract of Land Use Rights entered into between Land Resources Bureau of Nanning and Nanning Logan Property Co., Ltd. dated August 23, 2007, the land use rights of the property have been granted to Nanning Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 4,697.99 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Plot Ratio | : | Less than 2.8 |
| (iv) | Permitted Gross Floor Area | : | Residential≥80% of total GFA<br>Retail≤10% of total GFA<br>Office≤10% of total GFA |
| (v) | Land use term | : | 40 years for commercial use<br>50 years for office use<br>70 years for residential use |

(4) According to Grant Contract of Land Use Rights entered into between Land Resources Bureau of Nanning and Nanning Logan Property Co., Ltd. dated November 15, 2010, the land use rights of the property have been granted to Nanning Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 64,081.39 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Plot Ratio | : | Less than 3.2 |
| (iv) | Permitted Gross Floor Area | : | Residential≥80% of total GFA<br>Retail≤10% of total GFA<br>Office≤10% of total GFA |
| (v) | Land use term | : | 40 years for retail use<br>50 years for business use<br>70 years for residential use |

(5) According to Grant Contract of Land Use Rights entered into between Land Resources Bureau of Nanning and Nanning Logan Property Co., Ltd., portion of the property with land use rights of the property having site area of 26,479.50 sq m have been granted to Nanning Logan Property Co., Ltd.

(6) According to Planning Permit for Construction Use of Land Nos. (2006)021, (2006)022, (2006)023, (2006)024, (2006)025, 450105201010066 and 450105201210048, the construction site of the development Provence with a total site area of approximately 481,062.62 sq m is in compliance with the urban planning requirements.

(7) According to 56 Planning Permit for Construction Works, the property with a total gross floor area of approximately 646,700 sq m are in compliance with the urban construction requirements and are approved.

(8) According to 7 Commencement Permits for Construction Works Nos. 450113201104120101, 450113201108030101, 450113201104120301, 450113201106170101, 450113201106290101, 450113201207230101, 450113201210220101 and 450113201207230301, the construction works of the composite project with a total gross floor area of 657,340.36 sq m are in compliance with the requirements for works commencement and have been permitted.

(9) According to 8 Commodity Housing Pre-sale Permits of Nanning, the construction works with a total gross floor area of 374,976.51 sq m were permitted to pre-sale.

(10) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 207,276.58 sq m has been pre-sold for the consideration of RMB1,212,568,040. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(11) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB810,700,000. The estimated total construction cost was RMB1,101,000,000. In the course of our valuation, we have included such costs.

(12) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB29,000,000.

(13) According to Business Licence No. 450112200004933 dated May 5, 2010, Nanning Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB50,000,000.

(14) 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) Nanning Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property;

(iii) A portion of the property is subject to a mortgage in favor of Agricultural Bank of China. Under such mortgage contract, Nanning Logan Property Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Agricultural Bank of China's agreement in the mortgage period;

(iv) A portion of the property is subject to a mortgage in favor of Bank of China. Under such mortgage contract, Nanning Logan Property Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Bank of China's agreement in the mortgage period;

(v) A portion of the property is subject to a mortgage in favor of Industrial and Commercial Bank Co. Ltd. Under such mortgage contract, Nanning Logan Property Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Agricultural Bank of China's agreement in the mortgage period; and

(vi) Other than the above mentioned mortgages, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(15) In valuing the property if completed, we have assumed about RMB7,100 to RMB17,500 per sq m for the residential portion, RMB21,300 per sq m for the retail portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,800 to RMB18,700 per sq m. The prices of commercial premises range from RMB20,000 to RMB23,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 27. | A proposed development to be known as Huizhou Sky Palace (Phases 2 and 3), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州天悅龍庭二至三期) | The property is erected upon 2 parcels of land with a total site area of approximately 89,328.10 sq m.<br><br>The property is planned to be developed into a residential development. According to the information provided by the Group, the property will have a total gross floor area of 292,389.89 sq m and 1,498 car parks with details as follows:-<br><br>**Use** / **Approximate Gross Floor Area (sq m)**<br>Residential 207,508.85<br>Commercial 3,524.78<br>Ancillary 29.44<br>Others 1,699.99<br>Basement 79,626.83<br>**Total** **292,389.89**<br><br>The whole development is scheduled to be completed in 2015.<br><br>The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms due to expire on November 13, 2077 for residential use and due to expire on November 13, 2047 for commercial use. | The property is under construction. | RMB530,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2008)13210300615 and (2008)13210300617 issued by Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 89,328.10, sq m has been vested in Huizhou Daya Bay Logan Property Co., Ltd. (惠州大亞灣龍光房地產有限公司) for land use terms due to expire on November 13, 2077 for residential use and due to expire on November 13, 2047 for commercial use.

(2) According to a Grant Contract of Land Use Rights No. 441304-D-20070492 entered into between Huizhou City Planning Bureau and Huizhou Daya Bay Logan Property Co., Ltd. dated November 14, 2007, the land use rights of the property have been granted to Huizhou Daya Bay Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 159,686 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Total Gross Floor Area (GFA) | : | 365,787 sq m (Above ground area: 292,373.08 sq m; below ground area: 73,414.27 sq m) |

(3) According to Planning Permit for Construction Use of Land Nos. (2007)0890 and (2007)0892, the construction site of the property with a site area of 89,328.10 sq m is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works Nos. 41303201320024, 41303201320025 and 441303201320081 issued by Huizhou Housing and Planning Construction Bureau, the property with a total above ground gross floor area of approximately 292,389.89 sq m is in compliance with the urban construction requirements and are approved.

(5) According to Permit for Commencement of Construction Works Nos. 441301201004290201 and 441301201103280101 issued by Planning and Construction Bureau of Huizhou Daya Bay Economic and Technological Development Zone, the construction work of the development with a total gross floor area of approximately 365,546.22 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to Commodity Housing Pre-sale Permits, the property with a total gross floor area of approximately 116,724.45 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 77,521 sq m has been pre-sold for the consideration of RMB306,794,293. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB240,000,000. The estimated total construction cost was approximately RMB612,600,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB1,180,000,000.

(10) According to Business Licence No. 441300000015122, Huizhou Daya Bay Logan Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB10,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB5,300 per sq m for the residential portion, RMB11,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB5,000 to RMB5,600 per sq m. The prices of commercial premises range from RMB9,500 to RMB13,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB110,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 28. | A proposed development to be known as Huizhou Grand Riverside Bay (Phase 1), Dongjingxin City, Wentou Ling, Huicheng District, Huizhou, Guangdong Province, the PRC. (惠州水悦龍灣一期) | The property is erected upon a parcel of land with a site area of approximately 53,325.90 sq m.<br>The property is planned to be developed into a residential development. According to the information provided by the Group, the property will have a total gross floor area of 233,905 sq m and 1,860 car parks with details as follows:- | The property is under construction. | RMB620,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 160,751 |
| Ancillary | 2,950 |
| Others | 3,133 |
| Basement | 67,071 |
| **Total** | **233,905** |

The property is scheduled to be completed in 2015.

The property is located at Huicheng District, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for land use terms due to expire on November 25, 2050 for commercial use and due to expire on November 25, 2080 for residential use.

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2012)13020700007 issued by Huizhou City Land Resource Bureau, the land use rights of the property with a total site area of 53,325.90 sq m have been granted to Huizhou Logan Property Co., Ltd. (惠州市龍光房地產有限公司) for land use terms due to expire on November 25, 2050 for commercial use and due to expire on November 25, 2080 for residential use.

(2) According to Grant Contract of Land Use Rights No. 441301-2009-000289 entered into between Huizhou Land Resource Bureau and Huizhou Logan Property Co., Ltd. dated October 15, 2009, the land use rights of the property have been granted to Huizhou Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 105,954 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use, 40 years for commercial use |
| (iv) | Land Premium | : | RMB401,000,000 |
| (v) | Gross Floor Area | : | 236,554 sq m |

(3) According to Planning Permit for Construction Use of Land No. 441302(2009)10348, the construction site of the property with a site area of 105,954 is in compliance with the urban planning requirements.

(4) According to 11 Planning Permit for Construction Works, the construction works of the property with a total gross floor area of 233,905 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 2 Permit for Commencement of Construction Works, the construction works of the property with a total gross floor area of approximately 233,905 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to 2 Commodity Housing Pre-sale Permits, a portion of the property with a total gross floor area of approximately 46,695.37 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 27,536 sq m has been pre-sold for the consideration of RMB182,361,422. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB113,600,000. The estimated total construction cost was approximately RMB468,500,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB1,400,000,000.

(10) According to Business Licence No. 44130000090788 dated March 6, 2010, Huizhou Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB7,500 per sq m for the residential portion, RMB18,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB7,200 to RMB7,900 per sq m. The prices of commercial premises range from RMB15,000 to RMB22,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB110,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 29. | A proposed development to be known as Imperial Summit Sky Villa, Tiyu Road, Dongcheng District, Dongguan, Guangdong Province, the PRC. (東莞君御旗峰) | The property comprises 2 parcels of land with a site area of approximately 53,715.20 sq m.<br><br>The property is planned to be developed into a residential development. According to the information provided by the Group, the property will have a total gross floor area of 208,779 sq m and 1,046 car parks with details as follows:-<br><br>Use — Approximate Gross Floor Area (sq m)<br>Residential — 138,158<br>Commercial — 5,690<br>Ancillary — 1,164<br>Basement — 63,767<br>**Total** — **208,779**<br><br>The whole development is scheduled to be completed at the end of 2013.<br><br>The property is located at Tiyu Road, Dongcheng District, which is in sub-urban area of Dongguan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term due to expire on August 12, 2079 for commercial and residential uses. | The property is under construction. | RMB1,740,000,000 |

*Notes:-*

(1) According to two States-owned Land Use Rights Certificates Nos. (2010) 42-1 and 42-2 issued by Land Resources Bureau of Dongguan, the land use rights of the property having a site area of 53,715.20 sq m have been vested in Dongguan Logan Property Co., Ltd. (東莞市龍光房地產有限公司) for land use term due to expire on August 12, 2079 for commercial and residential uses.

(2) According to Grant Contract of Land Use Rights No.41 and its supplemental agreement entered into between Land Resources Bureau of Dongguan and Dongguan Logan Property Co., Ltd. dated July 17, 2009 and September 18, 2009 respectively, the land use rights of the property have been granted to Dongguan Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 53,715.20 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Total Gross Floor Area (GFA) | : | Not greater than 145,030.50 sq m |
| (iv) | Land use term | : | 70 years |

(3) According to Planning Permit for Construction Use of Land No. 201012004, the construction site of the property with a site area of 53,715.20 sq m is in compliance with the urban planning requirements.

(4) According to 13 Planning Permit for Construction Works Nos. 2010-01-1254, to 2010-01-1266 issued by Dongguan Urban and Rural Planning Bureau, the construction works of the property with a total gross floor area of 208,779 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 13 Permit for Commencement of Construction Works issued by Dongguan Housing and Rural Construction Bureau, the construction work of the property with a gross floor area of approximately 208,779 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to Commodity Housing Pre-sale Permits Nos. 201200200, 201200079, 201200080, 201200160 and 201200277 issued by Dongguan Housing and Rural Construction Bureau, the property with a total gross floor area of approximately 75,430.84 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 51,893 sq m has been pre-sold for the consideration of RMB749,853,164. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB531,400,000. The estimated total construction cost was approximately RMB623,200,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB2,090,000,000.

(10) According to Business Licence No. 441900000620629 dated May 10, 2010, Dongguan Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB50,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Dongguan Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Dongguan Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB13,000 per sq m for the residential portion, RMB53,000 per sq m for the retail portion and RMB120,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB11,000 to RMB15,000 per sq m. The prices of commercial premises range from RMB48,000 to RMB60,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB140,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 30. | A proposed development to be known as Seaward Sunshine, South of Hanjiang Road, Longhu District, Shantou, Guangdong Province, the PRC. (汕頭尚海陽光) | The development is planned to be developed into a residential development. | The property is under construction. | RMB4,540,000,000 |

According to the information provided by the Group, the property comprises a portion of the development in which the Group hold the land use rights to a total site area of 71,764 sq m. and wholly own a total gross floor area of 678,878.44 sq m and 2,501 car parks with details as follows:-

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 516,657.22 |
| Commercial | 17,403.29 |
| Ancillary | 4,383.44 |
| Others | 2,741.29 |
| Basement | 137,693.20 |
| **Total** | **678,878.44** |

The whole development is scheduled to be completed in 2014.

The property is located at Longhu District, which is in urban area of Shantou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for various terms (see note 1).

*Notes:-*

(1) According to 3 State-owned Land Use Rights Certificate Nos. (2010)10700203, (2010)10700204 and (2010)10700205 issued by the Land Resources Bureau of Shantou the land use rights of the property having a total site area of 40,996.40 sq m has been vested in Shantou Jiarun Property Co., Ltd. (汕頭市佳潤房地產有限公司) for a land use term due to expire on May 5, 2068 for residential use.

According to 2 State-owned Land Use Rights Certificate Nos. (2010)10700207 and (2010)10700208 issued by the People's Government of Shantou the land use rights of the property having a total site area of 25,651.33 sq m has been vested in Shantou Logan Realty Co., Ltd. (汕頭市龍光置業有限公司) for a land use term due to expire on March 14, 2070 for residential use.

According to 2 State-owned Land Use Rights Certificate Nos. (2009)75000511 and (2010)10700195 issued by the Land Resources Bureau of Shantou the land use rights of the property having a total site area of 5,116.41 sq m has been vested in Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) for land use terms due to expire on September 14, 2070 and July 15, 2079 respectively for residential use. According to an entrustment agreement entered between Logan Real Estate Holdings Co., Ltd. and Shantou Logan Realty Co., Ltd. dated February 24, 2011, Shantou Logan Realty Co., Ltd. is entitled to all rights and benefits arising from Logan Real Estate Holdings Co., Ltd's portion of the development.

(2) According to 5 Planning Permit for Construction Use of Land Nos. (2010)053, (2010)054, (2010)056, (2010)057 and (2010)073, the construction site of the property with a total site area of 121,775.12 sq m is in compliance with the urban planning requirements.

(3) According to 3 Planning Permit for Construction Works Nos. (2010)4/023, (2010)5/023 and (2010)6/023 issued by Shantou Urban and Rural Planning Bureau, the construction works of the property with a total gross floor area of 718,936.90 sq m are in compliance with the construction works requirements and have been approved.

(4) According to 7 Permit for Commencement of Construction Works issued by Shantou Urban and Rural Construction Bureau, the construction work of the property with a gross floor area of approximately 718,379.84 sq m are in compliance with the requirements for works commencement and are permitted.

(5) According to Commodity Housing Pre-sale Permits Nos. (2012)018 (2012)0021, (2012)0022, (2012)0025, (2012)0026 and (2013)009 the property with a total gross floor area of approximately 497,827.95 sq m is permitted to be pre-sold.

(6) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 378,303 sq m has been pre-sold for the consideration of RMB4,237,664,107. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(7) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB1,623,000,000. The estimated total construction cost was approximately RMB2,963,600,000. In the course of our valuation, we have included such costs.

(8) The market value when completed of the property as at October 31, 2013 was approximately RMB7,400,000,000.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

   (i) Shantou Jiarun Property Co., Ltd. and Shantou Logan Realty Co., Ltd. are legal land users of the property;

   (ii) Shantou Jiarun Property Co., Ltd. and Shantou Logan Realty Co., Ltd. have lawfully owned the land use rights of the property and have obtained the relevant certificates and approvals from the government in respect of the construction of the property;

   (iii) A portion of the property is subject to a mortgage in favor of Agricultural Bank of China; and

   (iv) Other than the above mentioned mortgage, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(10) In valuing the property if completed, we have assumed about RMB13,400 per sq m for the residential portion, RMB40,000 per sq m for the retail portion and RMB310,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB11,000 to RMB15,000 per sq m. The prices of commercial premises range from RMB38,000 to RMB43,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB280,000 to RMB350,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 31. | A proposed development to be known as Logan City (apartment portion of Phase 1 — Group 1, South Phases 2 to 5 and North Phases 1 and 2), Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城一期一組團公寓、南二至五、北一及二期) | The property is erected upon 10 parcels of land with a total site area of approximately 637,582 sq m.<br><br>The property is planned to be developed into a composite development. According to the information provided by the Group, the property will have a total gross floor area of 1,345,627.95 sq m and 7,474 car parks with details as follows:- | The property is under construction. | RMB3,590,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 1,035,960.31 |
| Commercial | 56,022.97 |
| Ancillary | 920.00 |
| Others | 38,071.22 |
| Basement | 214,653.45 |
| **Total** | **1,345,627.95** |

The whole development is scheduled to be completed in 2015.

The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for terms due to expire on March 11, 2077 for residential use and due to expire on March 11, 2047 for commercial use.

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2009)13210100358, (2009)13210100354, (2007)13210100478, (2008)13210100730, (2008)13210100728, (2008)13210100731, (2013)132100042, (2013)13210100169, (2013)13210100331 and (2013) 13210100332 issued by the People's Government of Huizhou, the land use rights of the property having a site area of 637,582 sq m has been vested in Huizhou Daya Bay Dongzhen

Property Co., Ltd. (惠州大亞灣東圳房地產有限公司) for land use terms due to expire on March 11, 2077 for residential use and March 11, 2047 for commercial use.

(2) According to Grant Contract of Land Use Rights No. 441304-D-(2007)0107 and 441304-D-(2007)0108 entered into between Huizhou Land Resources Bureau and Huizhou Daya Bay Dongzhen Property Co., Ltd. dated March 11, 2007 and March 12, 2007 respectively, the land use rights of the property have been granted to Huizhou Daya Bay Dongzhen Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 1,859,099 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB1,094,141,620 |
| (v) | Plot ratio | : | not exceeding 2 |

According to Grant Contract of Land Use Rights No. 441304-D-(2013)0108 dated March 12, 2013, the land use rights of the property with a site area of approximately 22,611 sq m have been granted to Huizhou Daya Bay Dongzhen Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 22,611 sq m |
| (ii) | Uses | : | Residential |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB30,600,000 |
| (v) | Plot ratio | : | not exceeding 3.7 |

(3) According to 10 Planning Permit for Construction Use of Land Nos. 441303200920139, 441303200920141, 441303201320093, (2007)0590, (2007)0591, (2007)0592, (2007)0324, 441303201220268, 441303201320224 and 441303201320223, the construction site of the property with a site area of 637,582 sq m is in compliance with the urban planning requirements.

(4) According to 7 Planning Permit for Construction Works Nos. 441303201320002 441303201220152, 441303201320021, 441303201320052, 441303201320103, 441303201320044 and 441303201320045 the construction works of the property with a total gross floor area of 1,345,627.95 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 10 Permit for Commencement of Construction Works, the construction work of the property with a gross floor area of approximately 1,345,628 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to 17 Commodity Housing Pre-sale Permits the property with a total gross floor area of approximately 560,666.71 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 390,049 sq m has been pre-sold for the consideration of RMB1,992,619,971. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB869,400,000. The estimated total construction cost was approximately RMB3,047,700,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB7,800,000,000.

(10) According to Business Licence No. 441300000019765, Huizhou Daya Bay Dongzhen Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB30,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Dongzhen Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Dongzhen Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB6,000 to RMB20,000 per sq m for the residential portion, RMB12,700 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB4,700 to RMB21,500 per sq m. The prices of commercial premises range from RMB10,000 to RMB13,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB110,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 32. | A proposed development to be known as Nanning Grand Riverside Bay (Phase 1 (under development portion), Phases 2 and 3), Mingxiu Xi Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧水悦龍灣一期（發展中部份）、二及三期) | The property is erected upon 2 parcels of land with a total site area of approximately 82,392.28 sq m.<br><br>The property is planned to be developed into a composite development. According to the information provided by the Group, the property will have a total gross floor area of 436,008 sq m and 3,893 car parks with details as follows:- | The property is under construction. | RMB1,540,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 274,501 |
| Commercial | 648 |
| Ancillary | 7,314 |
| Basement | 153,545 |
| **Total** | **436,008** |

The whole development is scheduled to be completed in 2015.

The property is located at Mingxiu West Road, Xixiangtang District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for land use terms of 70 years for residential use and 40 years for retail use.

*Notes:-*

(1) According to 2 State-owned Land Use Rights Certificate Nos. (2010)533458 and (2012) 596439 issued by the Land Resources Bureau of Nanning, the land use rights of the property having a total site area of 82,392.28 sq m has been vested in Nanning Logan Jinjun Property Development Co., Ltd. (南寧市龍光金駿房地產開發有限公司) for land use terms of 70 years for residential use and 40 years for retail use.

(2) According to Grant Contract of Land Use Rights Nos. 2010047 and 2012061 entered into between Nanning Land Resources Bureau and Nanning Logan Jinjun Property Development Co., Ltd. dated July 15, 2010 and July 16, 2012 respectively, the land use rights of the property have been granted to Nanning Logan Jinjun Property Development Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 82,392.28 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB914,554,308 |
| (v) | Plot ratio | : | Not less than 4.5 and not exceeding 6 |

(3) According to 2 Planning Permit for Construction Use of Land Nos. 450101201000204 and 450101201200081, the construction site of the property with a total site area of 82,392.20 m is in compliance with the urban planning requirements.

(4) According to 19 Planning Permit for Construction Works, the construction works of the development with a total gross floor area of 664,141.65 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 5 Commencement Permit for Construction Works Nos. 450101201101120101, 450101201101120201, 450101201009010201, 450101201009010301 and 450101201302180301 issued by Urban-rural planning committee, the construction works of the development with a gross floor area of 666,585.60 sq m are in compliance with the requirements for works commencement and have been permitted.

(6) According to 9 Commodity Housing Pre-sale Permits, the property with a total gross floor area of approximately 462,002.80 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 126,339 sq m has been pre-sold for the consideration of RMB807,549,704. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB438,500,000. The estimated total construction cost was approximately RMB743,900,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB2,240,000,000.

(10) According to Business Licence No. 450100000018672, Nanning Logan Jinjun Property Development Co., Ltd. was established on May 20, 2011 as a limited company with a registered capital of RMB50,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Jinjun Property Development Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Jinjun Property Development Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property;

(iii) A portion of the property is subject to a mortgage in favor of Industrial and Commercial Bank of China Limited. Under such mortgage contract, Nanning Logan Jinjun Property Development Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Industrial and Commercial Bank of China Limited's agreement in the mortgage period;

(iv) A portion of the property is subject to a mortgage in favor of Bank of China. Under such mortgage contract, Nanning Logan Jinjun Property Development Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Bank of China's agreement in the mortgage period;

(v) A portion of the property is subject to a mortgage in favor of Agricultural Bank of China. Under such mortgage contract, Nanning Logan Jinjun Property Development Co., Ltd. cannot lease, transfer, mortgage and dispose of the land use rights of the property without Agricultural Bank of China's agreement in the mortgage period; and

(vi) Other than the above mentioned mortgages, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB6,600 per sq m. for the residential portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential developments within the same district. The prices of domestic premises range from about RMB6,600 to RMB7,300 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 33. | A proposed development to be known as Chengdu Sky Palace, Liuli Town, Jinjiang District, Chengdu, Sichuan Province, the PRC. (成都天悦龍庭) | The property is erected upon a parcel of land with a site area of approximately 47,190.82 sq m.<br>The property is planned to be developed into a residential development. According to the information provided by the Group, the property will have a total gross floor area of 235,833.76 sq m and 1,150 car parks with details as follows:- | The property is under construction. | RMB1,280,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 167,387.15 |
| Commercial | 2,029.49 |
| Basement | 66,417.12 |
| **Total** | **235,833.76** |

The whole development is scheduled to be completed at 2014.

The property is located at Jinjiang District, which is in sub-urban area of Chengdu. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for a term due to expire on October 18, 2080 for residential use and due to expire on October 18, 2050 for commercial use.

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2011)762 issued by the Land Resources Bureau of Chengdu, the land use rights of the property having a site area of 47,190.82 sq m has been vested in Chengdu Logan Property Co., Ltd. (成都市龍光房地產有限公司) for land use terms due to expire on October 18, 2080 for residential use and due to expire on October 18, 2050 for commercial use.

(2) According to Grant Contract of Land Use Rights No. 510100-2010-B-0032 entered into between Chengdu Land Resources Bureau and Chengdu Logan Property Co., Ltd. dated October 19, 2010 respectively, the land use rights of the property have been granted to Chengdu Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 47,190.82 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB713,521,200 |
| (v) | Gross Floor Area | : | not exceeding 169,886 sq m |

(3) According to Planning Permit for Construction Use of Land No. 510104201020289, the construction site of the property is in compliance with the urban planning requirements.

(4) According to 2 Planning Permit for Construction Works Nos. 510104201130047 and 510104201130048 the construction works of the property with a gross floor area of 235,833.76 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 2 Permit for Commencement of Construction Works No. 510101201109160201 and 510101201111100301, the construction works of the property with a gross floor area of approximately 235,833.76 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to 4 Commodity Housing Pre-sale Permits Nos. 8826, 9242, 9368 and 9428, the property with a total gross floor area of approximately 95,485.38 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 88,215 sq m has been pre-sold for the consideration of RMB744,296,682. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB531,200,000. The estimated total construction cost was approximately RMB666,400,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB1,630,000,000.

(10) According to Business Licence No. 510104000092414 dated March 15, 2012, Chengdu Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB10,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Chengdu Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Chengdu Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB9,600 per sq m for the residential portion, RMB40,000 per sq m for the retail portion and RMB140,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB9,200 to RMB11,500 per sq m. The prices of commercial premises range from RMB37,000 to RMB47,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB120,000 to RMB150,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 34. | A proposed development to be known as Ocean Grange, Grasse Vieille Ville (Phase 3), Shisi Village, Tanzhou Town, Zhongshan, Guangdong Province, the PRC. (中山海悅城邦三期—海悅熙園) | The property is erected upon a parcel of land with a site area of approximately 36,666.50 sq m.<br><br>The property is planned to be developed into a residential development with a proposed gross floor area of 107,094 sq m and 709 car parks with details as follows:- | The property is under construction. | RMB500,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 85,973.17 |
| Commercial | 5,387.96 |
| Ancillary | 275.87 |
| Others | 2,658.88 |
| Basement | 12,798.39 |
| **Total** | **107,094.27** |

The property is scheduled to be completed in 2014.

The property is located at Tanzhou Town, which is in sub-urban area of Zhongshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for a term due to expire on June 3, 2073 for commercial and residential uses.

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2012)3306429 issued by Zhongshan City Land and Resource Bureau dated August 10, 2007, the land use rights of the property with a site area having a site area of 36,666.50 sq m have been granted to Zhongshan Logan Property Co., Ltd. (中山市龍光房地產有限公司) for land use term of 70 years due to expire on June 3, 2073 for commercial and residential use.

(2) According to Transfer Contract of Land Use Rights entered into between 中山市城市建設投資集團有限公司 and Zhongshan Logan Property Co., Ltd. dated May 11, 2012, the land use rights of the property have been transferred to Zhongshan Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 36,666.50 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | Due to expire on June 3, 2073 |
| (iv) | Land Premium | : | RMB130,000,000 |

(3) According to Planning Permit for Construction Use of Land No. 080222012070001, the construction site of the property is in compliance with the urban planning requirements.

(4) According to 2 Planning Permit for Construction Works Nos. 080042012100027 and 080042012100032, the construction works of the property with a total gross floor area of 107,094.27 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 2 Permit for Commencement of Construction Works Nos. 442000201212280489ZX4530 and 442000201301140015ZX0086 issued by Zhongshan Urban and Rural Construction Bureau, the construction work of the property with a gross floor area of approximately 107,094.27 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to 8 Commodity Housing Pre-sale Permits, the property with a total gross floor area of approximately 91,292.85 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the proper with a total gross floor area of approximately 82,246 sq m has been pre-sold for the consideration of RMB534,187,378. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB128,400,000. The estimated total construction cost was approximately RMB202,500,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the property as at October 31, 2013 was approximately RMB720,000,000.

(10) According to Business Licence No.442000000198599 dated March 15, 2011, Zhongshan Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Zhongshan Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Zhongshan Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB6,300 per sq m for the residential portion, RMB20,000 per sq m for the retail portion and RMB80,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,300 to RMB6,600 per sq m. The prices of commercial premises range from RMB20,000 to RMB24,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB60,000 to RMB95,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 35. | A proposed development to be known as Foshan Grand Joy Castle, North of Liming Road, East of Gangkou Road, Chancheng District, Foshan, Guangdong Province, the PRC. (佛山君悦華府) | The property is erected upon a parcel of land with a site area of approximately 18,948 sq m.<br><br>The property is planned to be developed into a residential development with a proposed total gross floor area of 83,162.11 sq m. with details as follows:- | The property is under construction. | RMB320,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 57,398.32 |
| Commercial | 4,960.70 |
| Ancillary | 167.26 |
| Others | 1,314.20 |
| Basement | 19,321.63 |
| **Total** | **83,162.11** |

The property is located at Chancheng District, which is in sub-urban area of Foshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for terms of 70 years due to expire on December 28, 2082 for residential use and 40 years due to expire on December 28, 2052 for commercial use.

*Notes:-*

(1) According to State-owned Land Use Rights Certificates No. (2013)1001131 dated January 24, 2013 issued by Foshan Land Resources Bureau, the land use rights of the property with a site area of 18,948 sq m have been vested in Foshan Chancheng Logan Property Co., Ltd. (佛山市禪城區龍光房地產有限公司) with terms due to expire on December 28, 2082 for residential and due to expire on December 28, 2052 for commercial uses.

(2) According to Grant Contract of Land Use Rights dated December 28, 2012, the land use rights of the property with a site area of approximately 18,947.92 sq m have been granted to Foshan Chancheng Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 18,947.92 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use;<br>40 years for commercial use |
| (iv) | Land Premium | : | RMB250,000,000 |
| (v) | Plot ratio | : | not exceeding 3.3 |
| (vi) | Building Covenant | : | Construction should commence before January 24, 2014 and complete before January 24, 2017 |

(3) According to Planning Permit for Construction Use of Land No. 440604201300008 issued by Foshan Land Resource and Town Planning Bureau (佛山市國土資源和城鄉規劃局), the construction site of the property is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works No. 440604201300130, the construction works of the property with a gross floor area of 83,162.11 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Permit for Commencement of Construction Works No. 4406012013041801, the construction works of the property with a gross floor area of approximately 83,162 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB26,700,000. The estimated total construction cost was approximately RMB187,900,000. In the course of our valuation, we have included such costs.

(7) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB700,000,000.

(8) According to Business Licence No. 440602000285728, Foshan Chancheng Logan Property Co., Ltd. was established on December 13, 2012 as a limited company with a registered capital of RMB10,500,000.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Foshan Chancheng Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Foshan Chancheng Logan Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(10) In valuing the property if completed, we have assumed about RMB9,000 per sq m for the residential portion, RMB22,000 per sq m for the retail portion and RMB140,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about

RMB8,400 to RMB13,000 per sq m. The prices of commercial premises range from RMB21,000 to RMB32,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB120,000 to RMB180,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 36. | A proposed development to be known as Zhongshan Grand Garden, Caihong Planning Zone, West District, Zhongshan, Guangdong Province, the PRC. (中山水悦熙園) | The property is erected upon a parcel of land with a site area of approximately 36,896.50 sq m.<br><br>The property is planned to be developed into a residential development with a proposed total gross floor area of 107,387.19 sq m. with details as follows:- | The property is under construction. | RMB270,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 78,239.42 |
| Commercial | 13,316.42 |
| Ancillary | 638.52 |
| Others | 3,008.53 |
| Basement | 12,184.30 |
| **Total** | **107,387.19** |

The property is located at West District, which is in sub-urban area of Zhongshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for a term for 70 years due to expire on May 20, 2073 for residential and commercial uses.

*Notes:-*

(1) According to State-owned Land Use Rights Certificates No. (2013)2000375 dated January 23, 2013 issued by Zhongshan Land Resources Bureau (中山市國土資源局), the land use rights of the property with a site area of 36,896.50 sq m have been vested in Zhongshan Jinjun Property Co., Ltd. (中山市金駿房地產有限公司) with term due to expire on May 20, 2073 for residential and commercial uses.

(2) According to Transfer Contract and its supplemental contract dated December 7, 2012 and January 9, 2013 respectively entered into between Zhongshan Yanzhou Property Services Co., Ltd. (中山市煙洲樓宇實業服務有限公司) (the "Transferor") and Zhongshan Jinjun Property Co., Ltd. (the "Transferee"), the Transferor has agreed to transfer the land use rights and development rights of the property to the Transferee with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 36,896.50 sq m |
| (ii) | Use | : | Residential |
| (iii) | Land use term | : | Due to expire on May 20, 2073 |
| (iv) | Land Premium | : | RMB141,120,000 |

(3) According to Planning Permit for Construction Use of Land Nos. 281222013010005, the construction site of the property is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works No. 281042013020034, the construction works of the property with a total gross floor area of 107,387.19 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Permit for Commencement of Construction Works No. 44200020130428 0133ZX1125, the construction work of the property with a gross floor area of approximately 107,387.19 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to 2 Commodity Housing Pre-sale Permits, the construction works with a total gross floor area of 42,597.31 sq m were permitted to pre-sale.

(7) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB68,900,000. The estimated total construction cost was approximately RMB201,600,000. In the course of our valuation, we have included such costs.

(8) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB550,000,000.

(9) According to Business Licence No. 442000000198599 dated March 15, 2011, Zhongshan Jinjun Property Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000 for an operating period from February 25, 2007.

(10) 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) Zhongshan Jinjun Property Co., Ltd. is the sole legal land user of the property;

(ii) Zhongshan Jinjun Property Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(11) In valuing the property if completed, we have assumed about RMB5,000 per sq m for the residential portion, RMB10,000 per sq m for the retail portion and RMB80,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about

RMB4,700 to RMB5,700 per sq m. The prices of commercial premises range from RMB6,500 to RMB14,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB70,000 to RMB100,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 37. | A proposed development to be known as Grand Riverside Bay (Phase 1), West of Changang Road, South of Nanzhuangda Road, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, the PRC. (佛山水悦龍灣一期) | The property is erected upon 3 parcels of land with a total site area of approximately 132,035.21 sq m.<br><br>The property is planned to be developed into a residential development. According to the information provided by the Group, the property will have a total gross floor area of 226,099.79 sq m and 1,164 car parks with details as follows:-<br><br>**Use** — **Approximate Gross Floor Area (sq m)**<br>Residential — 170,796.82<br>Commercial — 10,893.63<br>Ancillary — 975.91<br>Others — 2,829.95<br>Basement — 40,603.48<br>**Total** — **226,099.79**<br><br>The property is scheduled to be completed in 2015.<br><br>The property is located at Chancheng District, which is in urban area of Foshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms due to expire on April 12, 2082 for residential use and due to expire on April 12, 2052 for commercial, office and cultural uses. | The property is under construction. | RMB975,000,000<br><br>(66% interest attributable to the Group: RMB643,500,000) |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2012)0000972, (2012)0000973 and (2012)0000974 issued by Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 132,035.21 sq m has been vested in Foshan Logan Sunshine Seaward Property Co., Ltd (佛山市龍光陽光海岸房地產有限公司) for land use terms due to

expire on April 12, 2082 for residential use and due to expire on April 12, 2052 for commercial, office and cultural uses.

(2) According to Transfer Contract dated April 19, 2012 entered into between 廣東南海羅南陶瓷企業集團 (the "Transferor") and Foshan Logan Sunshine Seaward Property Co., Ltd (the "Transferee"), the Transferor has agreed to transfer the land use of the property with a site area of 111,615.32 sq m to the Transferee for the consideration of RMB240,800,400.

According to Grant Contract of Land Use Rights dated September 7, 2012, the land use rights of the property with a site area of approximately 9,124.60 sq m have been granted to Foshan Logan Sunshine Seaward Property Co., Ltd for the consideration of RMB42,320,000.

According to Grant Contract of Land Use Rights dated February 27, 2012, the land use rights of the property with a site area of approximately 1,706.13 sq m have been granted to Foshan Logan Sunshine Seaward Property Co., Ltd for the consideration of RMB7,790,000.

According to Grant Contract of Land Use Rights dated September 7, 2012, the land use rights of the property with a site area of approximately 9,589.16 sq m have been granted to Foshan Logan Sunshine Seaward Property Co., Ltd for the consideration of RMB47,000,000.

(3) According to Planning Permit for Construction Use of Land No. 440604201200041, the construction site of the property with a total site area of 132,035.21 sq m is in compliance with the urban planning requirements.

(4) According to 7 Planning Permit for Construction Works, the construction works of the property with a gross floor area of 234,159.31 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Permit for Commencement of Construction Works Nos. 4406012012112801, 4406012013013102, 440601201211190101, 440601201211190201, 440601201211190301 and 440601201301250101, the construction works of the property with a gross floor area of approximately 233,924 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to Commodity Housing Pre-sale Permits, the property with a total gross floor area of approximately 26,982.70 sq m is permitted to be pre-sold.

(7) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 39,362.93 sq m has been pre-sold for the consideration of RMB524,808,679. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(8) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB245,000,000. The estimated total construction cost was approximately RMB648,900,000. In the course of our valuation, we have included such costs.

(9) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB1,890,000,000.

(10) According to Business Licence No. 440600000027862, Foshan Logan Sunshine Seaward Property Co., Ltd. was established on March 30, 2012 as a limited company with a registered capital of RMB10,500,000.

(11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Foshan Logan Sunshine Seaward Property Co., Ltd is the sole legal land user of the property;

(ii) Foshan Logan Sunshine Seaward Property Co., Ltd has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(12) In valuing the property if completed, we have assumed about RMB7,000 to RMB19,000 per sq m for the residential portion, RMB20,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,800 to RMB23,600 per sq m. The prices of commercial premises range from RMB19,000 to RMB29,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB170,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 38. | A proposed development to be known as Nanning Royal Castle, East of Zhuxi Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧君御華府) | The property is erected upon a parcel of land with a site area of approximately 26,805.69 sq m.<br><br>The property is planned to be developed into a residential development with a planned gross floor area of 141,619.17 sq m and 965 car parks with details as follows:- | The property is under construction. | RMB730,000,000 |

| Use | Approximate Gross Floor Area (sq m) |
|---|---|
| Residential | 100,201.74 |
| Commercial | 6,031.99 |
| Ancillary | 729.13 |
| Others | 766.38 |
| Basement | 33,889.93 |
| **Total** | **141,619.17** |

The property is scheduled to be completed in 2015.

The property is located at Qingxiu District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.

The land use rights of the property have been granted for terms of 70 years from December 5, 2012 for residential use and 40 years from December 5, 2012 for commercial use.

*Notes:-*

(1) According to State-owned Land Use Rights Certificates No. (2013)601633 dated January 1, 2013 issued by Nanning Land Resources Bureau (南寧國土資源局), the land use rights of the property with a site area of 26,805.69 sq m have been vested in Nanning Logan Junchi Property Development Co., Ltd. (南寧市龍光駿馳房地產開發有限公司) with terms of 70 years from December 5, 2012 for residential use and 40 years from December 5, 2012 for commercial use.

(2) According to Grant Contract of Land Use Rights and its supplemental contract dated November 12, 2012 and December 5, 2012 respectively the land use rights of the property with a site area of approximately 26,805.25 sq m have been granted to Nanning Logan Junchi Property Development Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 26,805.25 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use;<br>40 years for commercial use |
| (iv) | Land Premium | : | RMB643,326,000 |
| (v) | Plot ratio | : | not exceeding 4.0 and not less than 3.0 |
| (vi) | Building Covenant | : | Construction should commence before November 12, 2012 and complete before November 12, 2016 |

(3) According to Planning Permit for Construction Use of Land No. 450101201200108 issued by Nanning Planning and Construction Bureau (南寧市規劃建設局), the construction site of the property with a site area of 26,805.25 sq m is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works Nos. 450101201300649, 450101201300679, 450101201300680, 450101201300681, 450101201300682, 450101201300683, 450101201300684 and 450101201300685, the construction works of the property with a gross floor area of 141,619.17 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Permit for Commencement of Construction Works Nos. 450101201306030601 and 450101201306030101, the construction works of the property with a gross floor area of approximately 142,102.48 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB21,300,000. The estimated total construction cost was approximately RMB351,100,000. In the course of our valuation, we have included such costs.

(7) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB1,480,000,000.

(8) According to Business Licence No. 450100000023847, Nanning Logan Junchi Property Development Co., Ltd. was established on November 19, 2012 as a limited company with a registered capital of RMB35,000,000 for an operating period from November 19, 2012 to November 19, 2042.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Nanning Logan Junchi Property Development Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Junchi Property Development Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(10) In valuing the property if completed, we have assumed about RMB12,000 to RMB13,500 per sq m for the residential portion, RMB23,500 per sq m for the retail portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB12,000 to RMB13,500 per sq m. The prices of commercial premises range from RMB20,000 to RMB32,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 39. | A proposed development to be known as Foshan Joy Palace, South of Luowu Road, West of Luocunda Road, Luocun Street, Nanhai District, Foshan, Guangdong Province, the PRC. (佛山君悅龍庭) | The property is erected upon a parcel of land with a site area of approximately 71,827.60 sq m.<br><br>The property is planned to be developed into a residential development with a planned gross floor area of 292,886.06 sq m and 1,686 car parks with details as follows:-<br><br>**Use** / **Approximate Gross Floor Area (sq m)**<br>Residential 197,240.71<br>Commercial 33,414.90<br>Ancillary 408.45<br>Others 5,115.51<br>Basement 56,706.49<br>**Total** **292,886.06**<br><br>The property is scheduled to be completed in 2015.<br><br>The property is located at Nanhai District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms of 70 years due to expire on January 16, 2083 for residential use and 40 years due to expire on January 16, 2053 for commercial use. | The property is under construction. | RMB850,000,000 |

*Notes:-*

(1) According Stated-owned Land Use Rights Certificate No. (2013)0200810 issued by Foshan Nanhai People Government, the land use rights of the property with a site area of 71,827.60 sq m have been vested in Foshan Shunde Logan Realty Co., Ltd. (佛山市順德區龍光置業有限公司) for land use terms due to expire on January 16, 2083 for residential use and due to expire on January 16, 2053 for commercial use.

(2) According to Grant Contract of Land Use Rights and its supplemental contract dated January 17, 2013, May 2, 2013 the land use rights of the property with a site area of approximately 71,827.60 sq m have been granted to Foshan Shunde Logan Realty Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 71,827.60 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land Premium | : | RMB596,680,000 |
| (iv) | Plot ratio | : | not exceeding 3.2 and not less than 1.5 |
| (v) | Building Covenant | : | Construction should commence before January 16, 2014 and complete before January 16, 2017 |

(3) According to Planning Permit for Construction Use of Land No. 440605201360018 issued by Foshan Land Resources and Town Planning Bureau, the construction site of the property with a site area of approximately 71,827.60 sq m is in compliance with the urban planning requirements.

(4) According to 16 Planning Permit for Construction Works, the construction works of the property with a gross floor area of 292,886.06 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 15 Permit for Commencement of Construction Works, the construction works of the property with a gross floor area of approximately 262,006.99 sq m are in compliance with the requirements for works commencement and are permitted.

(6) As advised by the Group, as at the valuation date, a portion of the property with a total gross floor area of approximately 12,238 sq m has been pre-sold for the consideration of RMB88,852,136. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(7) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB61,800,000. The estimated total construction cost was approximately RMB623,800,000. In the course of our valuation, we have included such costs.

(8) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB2,090,000,000.

(9) According to Business Licence No. 440681000130889 dated April 28, 2010, in Foshan Shunde Logan Realty Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(10) 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) Foshan Shunde Logan Realty Co., Ltd. is the sole legal land user of the property;

(ii) Foshan Shunde Logan Realty Co., Ltd. has lawfully owned the land use rights of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(11) In valuing the property if completed, we have assumed about RMB8,000 per sq m. for the residential portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB7,000 to RMB9,200 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 40. | A proposed development to be known as Longteng Homestead (Phase 1), Jinfeng Bandao, South of Jinfengxi Road, Jinping District, Shantou, Guangdong Province, the PRC. (汕頭龍騰嘉園一期) | The property is erected upon a parcel of land with a site area of approximately 133,891.60 sq m.<br><br>The property is planned to be developed into a residential development with a planned gross floor area of 448,363.64 sq m. with details as follows:-<br><br>Use / Approximate Gross Floor Area (sq m)<br>Residential 323,697.82<br>Commercial 35,900.65<br>Ancillary 17,783.08<br>Basement 70,982.09<br>**Total** 448,363.64<br><br>The property is located at Jinping District, which is in urban area of Shantou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms of 70 years from June 10, 2013 for residential use and 40 years from June 10, 2013 for commercial use and 50 years from June 10, 2013 for ancillary use. | The property is under construction. | RMB620,000,000 |

*Notes:-*

(1) According to 2 State-owned Land Use Rights Certificates Nos. (2013)91300021 and (2013)91300022 issued by Shantou Land Resources Bureau, the land use rights of the property with a total site area of 133,891.60 sq m has been vested in Shantou Logan Jinjun Property Co., Ltd. (汕頭市龍光金駿房地產有限公司) for land use terms of 70 years from June 10, 2013 for residential use, 40 years from June 10, 2013 for commercial use and 50 years from June 10, 2013 for ancillary use.

(2) According to Grant Contract of Land Use Rights No. 440501-2013-000004 dated July 10, 2013, the land use rights of the property with a site area of approximately 133,891.60 sq m have been granted to Shantou Logan Jinjun Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 133,891.60 sq m |
| (ii) | Uses | : | Residential |
| (iii) | Land use term | : | 70 years |
| (iv) | Land Premium | : | RMB976,000,000 |
| (v) | Plot ratio | : | not exceeding 4.5 |
| (vi) | Building Covenant | : | Commencement before June 10, 2014; Construction completes before June 10, 2016 |

(3) According to Planning Permit for Construction Use of Land No. (2013)026, the construction site of the property is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works No. (2013)019, the construction works of the property with a gross floor area of 448,363.64 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 3 Permit for Commencement of Construction Works No. 440500201309290101, 440500201310210101 and 440500201311200101, the construction works of the property with a gross floor area of approximately 448,363.64 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB17,000,000. The estimated total construction cost was approximately RMB940,000,000. In the course of our valuation, we have included such costs.

(7) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB2,160,000,000.

(8) According to Business Licence No. 440500000018379, Shantou Logan Property Co., Ltd. was established on January 28, 2008 as a limited company with a registered capital of RMB10,000,000.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Shantou Logan Jinjun Property Co., Ltd. is the sole legal land user of the property;

(ii) Shantou Logan Jinjun Property Co., Ltd. has lawfully owned the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(10) In valuing the property if completed, we have assumed about RMB5,000 per sq m for the residential portion and RMB10,500 per sq m for the retail portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB4,100 to RMB6,400 per sq m. The prices of commercial premises range from RMB10,200 to RMB14,500 per sq m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 41. | A proposed development to be known as Ocean Vista Residence, Shisi Village, Tanzhou Town, Zhongshan, Guangdong Province, the PRC. (中山海悦城邦四期—海悦華庭) | The property is erected upon a parcel of land with a site area of approximately 62,233.30 sq m.<br><br>The property is planned to be developed into a residential development with a planned gross floor area of 163,378.30 sq m. and 473 car parks with details as follows:<br><br>**Use** / **Approximate Gross Floor Area (sq m)**<br>Residential 123,442.23<br>Commercial 21,950.00<br>Ancillary 960.00<br>Others 2,218.42<br>Basement 14,808.62<br>**Total** **163,378.30**<br><br>The property is located at Tanzhou Town, which is in sub-urban area of Zhongshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for a term due to expire on June 8, 2082 for commercial and residential uses. | The property is under construction. | RMB520,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2013)301108 issued by Zhongshan Land Resources Bureau, the land use rights of the property with a site area of 62,233.30 sq m has been vested in Zhongshan Junchi Property Co., Ltd. (中山市駿馳房地產有限公司) for a land use term due to expire on June 8, 2082 for commercial and residential use.

(2) According to Grant Contract of Land Use Rights No. 442000-2013-000503 dated May 14, 2013, the land use rights of the property with a site area of approximately 62,233.30 sq m have been granted to Zhongshan Junchi Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 62,233.30 sq m |
| (ii) | Uses | : | Residential |
| (iii) | Land use term | : | 70 years |
| (iv) | Land Premium | : | RMB376,000,000 |
| (v) | Plot ratio | : | not exceeding 2.5 |
| (vi) | Building Covenant | : | Commencement before December 20, 2013; Construction completes before December 19, 2016 |

(3) According to Planning Permit for Construction Use of Land No. 080222013060002, the construction site of the property is in compliance with the urban planning requirements.

(4) According to 2 Planning Permits for Construction Works Nos. 080042013071174, 080042013071028, the construction works of the property with a gross floor area of 163,378.30 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 2 Permits for Commencement of Construction Works Nos. 442000201309240334ZX3116 and 442000201309110314ZX2993, the construction works of the property with a gross floor area of approximately 163,378.30 sq m are in compliance with the requirements for works commencement and are permitted.

(6) According to the information provided by the Group, the total construction cost expended as at October 31, 2013 was approximately RMB13,400,000. The estimated total construction cost was approximately RMB360,700,000. In the course of our valuation, we have included such costs.

(7) The market value when completed of the proposed development as at October 31, 2013 was approximately RMB1,250,000,000.

(8) According to Business Licence No. 442000000828818, Zhongshan Junchi Property Co., Ltd. was established on May 23, 2013 as a limited company with a registered capital of RMB10,500,000.

(9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Zhongshan Junchi Property Co., Ltd. is the sole legal land user of the property;

(ii) Zhongshan Junchi Property Co., Ltd. has lawfully owned the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(10) In valuing the property if completed, we have assumed about RMB6,300 per sq m for the residential portion, RMB20,000 per sq m for the retail portion and RMB80,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,300 to RMB6,600 per sq m. The prices of commercial premises range from RMB20,000 to RMB24,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB60,000 to RMB95,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

### Group IV — Properties held by the Group for future development in the PRC

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 42. | A proposed development to be known as Huizhou Grand Riverside Bay (Phase 2), Dongjiangxin City, Wentou Ling, Huicheng District, Huizhou, Guangdong Province, the PRC. (惠州水悦龍灣二期) | The property is proposed to be erected upon 2 parcels of land with a total site area of approximately 52,626.40 sq m.<br><br>The property is planned to be developed into a residential development with a proposed total gross floor area of 76,851.38 sq m.<br><br>The property is located at Huicheng District, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for land use terms due to expire on November 25, 2050 for commercial use and due to expire on November 25, 2080 for residential use. | The property is vacant. | RMB360,000,000 |

*Notes:-*

(1) According to 2 State-owned Land Use Rights Certificate Nos. (2012)13020700008 and (2011)13020700575 issued by Huizhou City Land Resource Bureau, the land use rights of the property with a total site area of 52,626.40 sq m have been granted to Huizhou Logan Property Co., Ltd. (惠州市龍光房地產有限公司) for land use terms due to expire on November 25, 2050 for commercial use and due to expire on November 25, 2080 for residential use.

(2) According to Grant Contract of Land Use Rights No. 441301-2009-000289 entered into between Huizhou Land Resource Bureau and Huizhou Logan Property Co., Ltd. dated October 15, 2009, the land use rights of the property have been granted to Huizhou Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 105,954 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use, 40 years for commercial use |
| (iv) | Land Premium | : | RMB401,000,000 |
| (v) | Gross Floor Area | : | 236,554 sq m |

(3) According to Planning Permit for Construction Use of Land No. 441302(2009)10348, the construction site of the property with a site area of 105,954 is in compliance with the urban planning requirements.

(4) According to Business Licence No. 441300000090788 dated March 6, 2010, Huizhou Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB30,000,000.

(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) Huizhou Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Logan Property Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB7,500 per sq m for the residential portion, RMB18,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB7,200 to RMB7,900 per sq m. The prices of commercial premises range from RMB15,000 to RMB22,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB110,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 43. | A proposed development to be known as Logan City, Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. (惠州龍光城) | The property comprises various parcels of land with a total site area of approximately 1,012,517 sq m.<br>The property is planned to be developed into a composite development with a proposed total gross floor area of 3,313,834 sq m.<br>The property is located at Daya Bay Economic and Technological Development Zone, which is in sub-urban area of Huizhou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for terms with the latest expiry date on February 9, 2078 for residential use and February 9, 2048 for commercial use. | The property is vacant. | RMB5,300,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2007)13210100479, (2008)13210100729, (2009)13210100256, (2009)13210100255, (2009)13210100254, (2011)13210100755, (2011)13210100756 (2012)13210100825 to (2012)1321010827 and (2013)13210100330 issued by the People's Government of Huizhou, the land use rights of the property having a site area of 1,012,517 sq m has been vested in Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司) for land use terms with the latest expiry date on February 9, 2078 for residential use and February 9, 2048 for commercial use.

(2) According to Grant Contract of Land Use Rights No. 441304-D-(2007)0107 and 441304-D-(2007)0108 entered into between Huizhou Land Resources Bureau and Huizhou Daya Bay Dongzhen Property Co., Ltd. dated March 11, 2007 and March 12, 2007 respectively, the land use rights of the property have been granted to Huizhou Daya Bay Dongzhen Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 1,859,099 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB1,094,141,620 |
| (v) | Plot ratio | : | not exceeding 2 |

(3) According to Business Licence No. 441300000019765, Huizhou Daya Bay Dongzhen Property Co., Ltd. was established on April 16, 2010 as a limited company with a registered capital of RMB30,000,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Huizhou Daya Bay Dongzhen Property Co., Ltd. is the sole legal land user of the property;

(ii) Huizhou Daya Bay Dongzhen Property Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property;

(iii) A portion of the property is subject to a mortgage in favor of Agricultural Bank of China.;

(iv) A portion of the property is subject to a mortgage in favor of Bank of Communications Co., Ltd.;

(v) A portion of the property is subject to a mortgage in favor of CITIC Trust Co., Ltd.;

(vi) A portion of the property is subject to a mortgage in favor of Zhongrong International Trust Co., Ltd.;

(vii) A portion of the property is subject to a mortgage in favor of China Railway Trust Co., Ltd.;

(viii) A portion of the property is subject to a mortgage in favor of Shanghai Pudong Development Bank; and

(ix) Other than the above mentioned mortgages, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(5) In valuing the property if completed, we have assumed about RMB6,000 to RMB20,000 per sq m for the residential portion, RMB12,700 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB4,700 to RMB21,500 per sq m. The prices of commercial premises range from RMB10,000 to RMB13,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB110,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 44. | A proposed development to be known as Seaside Dragon Bay, Dadun Village Committee, Lian Town, Lingshui County, Hainan Province, the PRC. (海南海語龍灣) | The property comprises a parcel of land with a site area of approximately 259,333 sq m.<br>The property is planned to be developed into a residential development with a proposed total gross floor area of 426,142 sq m.<br>The property is located at Lian Town, which is in rural area of Lingshui. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for a land use term due to expire on January 28, 2081 for residential use. | The property is vacant. | RMB2,100,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. 13215 issued by the People's Government of Lingshui, the land use rights of the property having a total site area of 259,333 sq m has been vested in Hainan Jinjun Realty Co., Ltd. (海南金駿置業有限公司) for a land use term due to expire on January 28, 2081 for residential use.

(2) According to Grant Contract of Land Use Rights Nos. 46003410015 and its supplementary agreement entered into between Lingshui Land Resources Bureau and Hainan Jinjun Realty Co., Ltd. dated January 28, 2011, the land use rights of the property have been granted to Hainan Jinjun Realty Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 259,333 sq m |
| (ii) | Uses | : | Residential |
| (iii) | Land Premium | : | RMB429,300,400 |

(3) According to Planning Permit for Construction Use of Land No. 469034201102826, the construction site of the property with a site area of 259,397 is in compliance with the urban planning requirements.

(4) According to Business Licence No. 469034000007664, Hainan Jinjun Realty Co., Ltd. was established on January 20, 2011 as a limited company with a registered capital of RMB30,000,000.

(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) Hainan Jinjun Realty Co., Ltd. is the sole legal land user of the property;

(ii) Hainan Jinjun Realty Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property;

(iii) A portion of the property is subject to a mortgage in favor of Agricultural Bank of China; and

(iv) Other than the above mentioned mortgages, the land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB15,200 to RMB24,700 per sq m. for the residential portion and RMB30,000 per sq m for the retail portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB12,000 to RMB32,000 per sq m. The prices of commercial premises range from about RMB26,000 to RMB32,000 per sq m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 45. | A proposed development to be known as Provence (Phase 9), East of Jinyang Road, North of Jinkai Road, Jiangnan District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. (南寧普羅旺斯九期) | The property comprises a parcel of land with a site area of approximately 34,536 sq m.<br><br>The property is planned to be developed into a residential development with a proposed total gross floor area of 182,054 sq m.<br><br>The property is located at Jiangnan District, which is in sub-urban area of Nanning. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for land use terms 70 years due to expire on December 12, 2082 for residential use and 40 years due to expire in December, 2052 for commercial use. | The property is vacant. | RMB390,000,000 |

*Notes:-*

(1) According Stated-owned Land Use Rights Certificate No. (2013)605253 issued by Land Resources Bureau of Nanning, the land use rights of the property with a site area of 34,536.31 sq m have been vested in Nanning Logan Property Co., Ltd. (南寧市龍光房地產開發有限公司) for land use terms of 70 years due to expire on December 12, 2082 for residential use and 40 years due to expire in December 2052 for commercial use.

(2) According to a Grant Contract of Land Use Rights No. 2012142 entered into between Nanning Land Resources Bureau and Nanning Logan Property Co., Ltd. dated May 31, 2012, the land use rights of the property have been granted to Nanning Logan Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 34,536.31 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use and 40 years for commercial use |
| (iv) | Land Premium | : | RMB344,499,692 |
| (v) | Plot ratio | : | 3.0 - 4.0 |

(3) According to Planning Permit for Construction Use of Land No. 450105201310011 issued by Nanning Planning Management Bureau, the construction site of the property with a site area of approximately 34,535.78 sq m is in compliance with the urban planning requirements.

(4) According to Business Licence No. 450112200004933 dated May 5, 2010, Nanning Logan Property Co., Ltd. was established as a limited company with a registered capital of RMB50,000,000 for an operating period from April 28, 2006 to April 28, 2036.

(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) Nanning Logan Property Co., Ltd. is the sole legal land user of the property;

(ii) Nanning Logan Property Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage, and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB7,100 to RMB17,500 per sq m for the residential portion, RMB21,300 per sq m for the retail portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,800 to RMB18,700 per sq m. The prices of commercial premises range from RMB20,000 to RMB22,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 46. | A proposed development to be known as Dongguan Grand Joy Castle, Shida Road, Dalingshan Town, Dongguan, Guangdong Province, the PRC. (東莞君御華府) | The property comprises a parcel of land with a site area of approximately 29,643.80 sq m.<br>The property is planned to be developed into a residential development with a proposed total gross floor area of 69,201 sq m.<br>The property is located at Dalingshan Town, which is in urban area of Dongguan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for a term due to expire on February 18, 2013 for residential and commercial uses. | The property is vacant. | RMB180,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2013)43 dated March 8, 2013 issued by Dongguan Land Resources Bureau (東莞市國土資源局), the land use rights of the property with a site area of 29,643.80 sq m have been vested in Dongguan Logan Realty Co., Ltd. (東莞市龍光置業有限公司) with a term due to expire on February 18, 2083 for residential and commercial uses.

(2) According to Grant Contract of Land Use Rights (2013)010 and its supplemental contract dated February 4, 2013 and October 31, 2013 respectively, the land use rights of the property with a site area of approximately 29,643 sq m have been granted to Dongguan Logan Realty Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 29,643 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years for residential use;<br>40 years for commercial use |
| (iv) | Land Premium | : | RMB162,000,000 |
| (v) | Plot ratio | : | 1.0-2.0 |
| (vi) | Building Covenant | : | Construction should commence before February 18, 2014 and complete before February 18, 2017 |

(3) According to Planning Permit for Construction Use of Land No. 2013-15-1002 issued by Dongguan Town Planning Bureau, the construction site of the property with a site area of approximately 29,643.82 sq m is in compliance with the urban planning requirements.

(4) According to Business Licence No. 441900001524524 dated February 26, 2013, Dongguan Logan Realty Co., Ltd. was established as a limited company with a registered capital of RMB10,500,000.

(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) Dongguan Logan Realty Co., Ltd. is the sole legal land user of the property;

(ii) Dongguan Logan Realty Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB6,800 per sq m for the residential portion, RMB12,000 per sq m for the retail portion and RMB120,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,700 to RMB6,800 per sq m. The prices of commercial premises range from RMB12,000 to RMB15,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 47. | A proposed development to be known as Foshan Grand Riverside Bay (Phase 2), West of Changangda Road, South of Nanzhuang Road, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, the PRC. (佛山水悦龍灣二期) | The property is erected upon 3 parcels of land with a total site area of approximately 132,035.21 sq m.<br>The property is planned to be developed into a residential development with a proposed total gross floor area of 200,510 sq m.<br>The property is located at Chancheng District, which is in sub-urban area of Foshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for terms due to expire on April 12, 2082 for residential use and due to expire on April 12, 2052 for commercial, office and cultural uses | The property is vacant. | RMB320,000,000<br>(66% interest attributable to the Group: RMB211,200,000) |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2012)0000972, (2012)0000973 and (2012)0000974 issued by Land Resources and Housing Management Bureau, the land use rights of the property with a total site area of 132,035.21 sq m has been vested in Foshan Logan Sunshine Seaward Property Co., Ltd (佛山市龍光陽光海岸房地產有限公司) for land use terms due to expire on April 12, 2082 for residential use and due to expire on April 12, 2052 for commercial, office and cultural uses.

(2) According to Transfer Contract dated April 19, 2012 entered into between 廣東南海羅南陶瓷企業集團 (the "Transferor") and Foshan Logan Sunshine Seaward Property Co., Ltd (the "Transferee"), the Transferor has agreed to transfer the land use of the property with a site area of 111,615.32 sq m to the Transferee for the consideration of RMB240,800,400.

According to Grant Contract of Land Use Rights dated September 7, 2012, the land use rights of the property with a site area of approximately 9,124.60 sq m have been granted to Foshan Logan Sunshine Seaward Property Co., Ltd for the consideration of RMB42,320,000.

According to Grant Contract of Land Use Rights dated February 27, 2012, the land use rights of the property with a site area of approximately 1,706.13 sq m have been granted to Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) for the consideration of RMB7,790,000.

According to Grant Contract of Land Use Rights dated September 7, 2012, the land use rights of the property with a site area of approximately 9,589.16 sq m have been granted to Foshan Logan Sunshine Seaward Property Co., Ltd for the consideration of RMB47,000,000.

(3) According to Planning Permit for Construction Use of Land No. 440604201200041, the construction site of the property with a total site area of 132,035.21 m is in compliance with the urban planning requirements.

(4) According to Business Licence No. 440600000027862, Foshan Logan Sunshine Seaward Property Co., Ltd. was established on March 30, 2012 as a limited company with a registered capital of RMB10,500,000.

(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) Foshan Logan Sunshine Seaward Property Co., Ltd is the sole legal land user of the property;

(ii) Foshan Logan Sunshine Seaward Property Co., Ltd has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB7,000 to RMB8,000 per sq m for the residential portion, RMB15,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB6,800 to RMB8,400 per sq m. The prices of commercial premises range from RMB12,500 to RMB21,400 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB170,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 48. | A proposed development to be known as Shanjie Building, East of Wenhua Road, South of Ronggui Wenhaixi Road, Shunde District, Foshan, Guangdong Province, the PRC. (佛山尚街大廈) | The property comprises a parcel of land with a site area of approximately 13,519.20 sq m.<br>The property is planned to be developed into a residential development with a proposed total gross floor area of 69,627 sq m.<br>The property is located at Shunde District, which is in sub-urban area of Foshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for terms of 70 years due to expire on June 19, 2083 for residential use and 40 years due to expire on June 19, 2053 for commercial use. | The property is vacant. | RMB180,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2013)1003397 issued by 佛山市順德區國土城建和水利局, the land use rights of the property with a site area of 13,519.20 sq m has been vested in Foshan Runjing Property Co., Ltd (佛山市順德區龍光潤景房地產有限公司) for a land use term due to expire on June 19, 2083 for residential use and due to expire on June 19, 2053 for commercial use.

(2) According to Grant Contract of Land Use Rights No. 440606-2013-000660 and its supplementary contract dated May 22, 2013 and July 10, 2013 respectively, the land use rights of the property with a site area of approximately 13,519.20 sq m have been granted to Foshan Runjing Property Co., Ltd with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 13,519.20 sq m |
| (ii) | Uses | : | Commercial and residential |
| (iii) | Land use term | : | 40 years from June 20, 2013 to June 19, 2053 for commercial use and 70 years from June 20, 2013 to June 19, 2083 for residential use |
| (iv) | Land Premium | : | RMB170,000,000 |
| (v) | Plot ratio | : | not exceeding 4 |
| (vi) | Building Covenant | : | Commencement before December 20, 2013; Construction completes before December 19, 2016 |

(3) According to Planning Permit for Construction Use of Land No. 440606201312190, the construction site of the property is in compliance with the urban planning requirements.

(4) According to Business Licence No. 440681000457324, Foshan Runjing Property Co., Ltd. was established on June 20, 2013 as a limited company with a registered capital of RMB10,000,000.

(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) Foshan Runjing Property Co., Ltd. is the sole legal land user of the property;

(ii) Foshan Runjing Property Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB7,000 per sq m for the residential portion, RMB17,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB7,000 to RMB11,000 per sq m. The prices of commercial premises range from RMB15,600 to RMB28,000 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB180,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 49. | A parcel of land, West of Nanhada Road, North of Lujing Road Chancheng District, Foshan, Guangdong Province, the PRC. (佛山綠景路項目) | The property comprises a parcel of land with a site area of approximately 19,617.61 sq m.<br>The property is planned to be developed into a residential development with a proposed total gross floor area of 88,661 sq m.<br>The property is located at Chancheng District which is in urban area of Foshan. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br>The land use rights of the property have been granted for terms of 70 years due to expire on October 14, 2083 for residential use and 40 years due to expire on October 14, 2053 for commercial use. | The property is vacant. | RMB601,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate No. (2013)1207942 issued by Foshan Land Resources Bureau, the land use rights of the property with a site area of 19,617.61 sq m has been vested in Foshan Logan Realty Co., Ltd. (佛山市龍光置業房產有限公司) for land use terms due to expire on October 14, 2083 for residential use and due to expire on October 4, 2053 for commercial use.

(2) According to Grant Contract of Land Use Rights dated August 27, 2013, the land use rights of the property with a site area of approximately 19,617.61 sq m have been granted to Foshan Logan Realty Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 19,617.61 sq m |
| (ii) | Uses | : | Residential and commercial |
| (iii) | Land use term | : | 70 years from October 14, 2013 for residential use<br>40 years from October 14, 2013 for commercial use |
| (iv) | Land Premium | : | RMB601,000,000 |
| (v) | Plot ratio | : | not exceeding 3.5 |
| (vi) | Building Covenant | : | Construction should commence before October 26, 2014 and complete before October 26, 2017 |

(3) According to Business Licence No. 440600000031133, Foshan Logan Realty Co., Ltd. was established on July 16, 2013 as a limited company with a registered capital of RMB10,500,000.

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:-

(i) Foshan Logan Realty Co., Ltd. is the sole legal land user of the property;

(ii) Foshan Logan Realty Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage, limitation of any other rights.

## VALUATION CERTIFICATE

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 50. | The remaining portion of a proposed development to be known as Longteng Homestead, Jinfeng Bandao, South of Jinfengxi Road, Jinping District, Shantou, Guangdong, the PRC. (汕頭龍騰嘉園餘下部份) | The property comprises a parcel of land with a site area of approximately 133,891.60 sq m.<br><br>The property is planned to be developed into a residential development with a proposed total gross floor area of 221,336 sq m.<br><br>The property is located at Jinping District, which is in sub-urban area of Shantou. Developments nearby are mainly residential development. According to the information provided by the Group, the property is for residential use.<br><br>The land use rights of the property have been granted for terms of 70 years from June 10, 2013 for residential use and 40 years from June 10, 2013 for commercial use. | The property is vacant. | RMB500,000,000 |

*Notes:-*

(1) According to State-owned Land Use Rights Certificate Nos. (2013)91300021 and (2013)91300022 issued by Shantou Land Resources Bureau, the land use rights of the property with a total site area of 133,891.60 sq m has been vested in Shantou Logan Jinjun Property Co., Ltd. (汕頭市龍光金駿房地產有限公司) for land use terms of 70 years for residential use, 40 years for commercial use and 50 years for ancillary use.

(2) According to Grant Contract of Land Use Rights No. 440501-2013-000004 dated July 10, 2013, the land use rights of the property with a site area of approximately 133,891.60 sq m have been granted to Shantou Logan Jinjun Property Co., Ltd. with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 133,891.60 sq m |
| (ii) | Uses | : | Residential |
| (iii) | Land use term | : | 70 years |
| (iv) | Land Premium | : | RMB976,000,000 |
| (v) | Plot ratio | : | not exceeding 4.5 |
| (vi) | Building Covenant | : | Commencement before June 10, 2014; Construction completes before June 10, 2016 |

(3) According to Planning Permit for Construction Use of Land No. (2013)026, the construction site of the property is in compliance with the urban planning requirements.

(4) According to Business Licence No. 440500000144794, Shantou Logan Jinjun Property Co., Ltd. was established on March 3, 2013 as a limited company with a registered capital of RMB10,500,000.

(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) Shantou Logan Jinjun Property Co., Ltd. is the sole legal land user of the property;

(ii) Shantou Logan Jinjun Property Co., Ltd. has the rights to occupy, use and dispose of the land use rights of the property; and

(iii) The land use rights of the property are free from seizing, mortgage and limitation of any other rights.

(6) In valuing the property if completed, we have assumed about RMB5,000 per sq m for the residential portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the property if completed, we have made reference to various recent sales prices of residential premises as well as car parking spaces within the same district. These comparables properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with retail ancillary within the same district. The prices of domestic premises range from about RMB4,100 to RMB6,400 per sq m. In the aspect of car parking spaces, the prices range from about RMB100,000 to RMB130,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect these factors including but not limited to age, location, size and quality in arriving at the key assumption.

## VALUATION CERTIFICATE

### Group V — Property contracted to be acquired by the Group in the PRC

| | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at October 31, 2013 |
|---|---|---|---|---|
| 51. | A parcel of land, Northeastern side of Chang Zhou Da Qiao, West District, Zhongshan, Guangdong Province, the PRC. | The property comprises a parcel of land with a site area of approximately 58,907.50 sq m.<br>The land use rights of the property have been granted for terms due to expire on July 22, 2068 for residential uses. | The property is vacant. | No commercial value |

*Notes:-*

(1) We have been advised by the Group that the State-owned Land Use Rights Certificates of the property have not been obtained yet and we usually ascribe no commercial value to the property. Had valid State-owned Land Use Rights Certificates been issued to the property, all land premium and related fees for the grant of the certificates and costs necessary to render the site ready for immediate development been fully settled, the market value of the property in its existing state as at October 31, 2013 would be RMB225,300,000.

(2) According to Transfer Contract of Land Use Rights dated October 23, 2013, the land use rights of the property with a site area of approximately 58,907.50 sq m have been granted to Zhongshan Jinjun Property Co., Ltd. (中山市金駿房地產有限公司) with details as follows:-

| | | | |
|---|---|---|---|
| (i) | Site Area | : | 58,907.50 sq m |
| (ii) | Uses | : | Residential |
| (iii) | Land use term | : | Due to expire on July 22, 2068 for residential |
| (iv) | Land Premium | : | RMB225,320,000 |

(3) According to Business Licence No. 442000000764557 dated February 7, 2013, Zhongshan Jinjun Property Co., Ltd. was established as a limited company with a registered capital of RMB10,000,000.

## VALUATION CERTIFICATE

**Group VI — Property leased to the Group in Hong Kong**

| | Property | Description and tenure | Market value in existing state as at October 31, 2013 |
|---|---|---|---|
| 52. | Suites 4106-4108, 41/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong. | The property comprises three office units on the 41st floor of a 71-storey (excluding 12 mechanical, plant and refuge floors) office tower erected upon a 4-level retail podium and a 5-level car park basement completed in 2003.<br><br>The property has a gross floor area approximately 343 sq m.<br><br>The property is currently leased to the Group for a term from November 2, 2011 to September 1, 2015 at a monthly rent of HK$731,655 (exclusive of rates, government rent and management fees). | No commercial value |

## VALUATION CERTIFICATE

### Group VII — Properties leased to the Group in the PRC

| | Property | Description and tenure | Market value in existing state as at October 31, 2013 |
|---|---|---|---|
| 53. | Unit 707, No. 11 Hengyang Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous Region, the PRC. | The property comprises an office unit with a gross floor area of approximately 80 sq m.<br><br>The property is leased to the Group for a term from April 23, 2012 to April 14, 2014 at a monthly rent of RMB3,000. The property is currently occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 54. | Units A913, A915 and A916, 9/F, Block A, International Building, Dayawan District, Huizhou, Guangdong Province, the PRC. | The property comprises 3 office units with a total gross floor area of approximately 319.68 sq m.<br><br>The property is leased to the Group for a term from September 14, 2013 to September 13, 2015 at a monthly rent of RMB10,229. The property is currently occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 55. | Units 1204 and 1205, 12/F, Qingxiu Building, No. 68 Dongge Road, Nanning, Guangxi Zhuang Autonomous Region, the PRC. | The property comprises an office unit with a gross floor area of approximately 76 sq m.<br><br>The property is leased to the Group for a term December 4, 2013 to December 3, 2014. The property is currently occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |

| | Property | Description and tenure | Market value in existing state as at October 31, 2013 |
|---|---|---|---|
| 56. | A unit at Yelin Nangan Road, Lingshui, Hainan Province, the PRC. | The property comprises a unit with a gross floor area of approximately 144 sq m.<br><br>The property is leased to the Group for a term from November 1, 2010 to November 10, 2014 at a monthly rent of RMB3,000. The property is currently occupied by the Group for office and dormitory uses.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 57. | 5/F, North Building, Guancheng Shimin Plaza, No. 1 Gaodi Street, Guancheng District, Dongguan, Guangdong Province, the PRC. | The property comprises level 5 of Guancheng Shimin Plaza with a gross floor area of approximately 10 sq m.<br><br>The property is leased to the Group for a term from October 7, 2013 to October 6, 2014 at a monthly rent of RMB40 / sq m. The property is currently occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 58. | Units 2203 and 2204, 22/F, Block A, Yinhai Xinzuo Center, No. 163 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the PRC. | The property comprises 2 office unit with a gross floor area of approximately 669.89 sq m.<br><br>The property is leased to the Group for a term from December 1, 2013 to November 30, 2014 at a monthly rent of RMB50 per sq m. The property is occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 59. | Units 1004 and 1005, Guang Ming Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | The property comprises an office unit.<br><br>The property is leased to the Group for a term from January 15, 2013 to January 2016 at a monthly rent of RMB5,000. The property is currently occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |

| | Property | Description and tenure | Market value in existing state as at October 31, 2013 |
|---|---|---|---|
| 60. | Unit of B District, Level 1, no. 92, Block No. 41, District 1, No. 8 Hu Jing Road, Chancheng District, Foshan, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 30 sq m.<br><br>The property is leased to the Group for a term from November 2012 to October 3, 2014 at an annual rent of RMB200. The property is occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 61. | Unit 2 of 3/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 47.71 sq m.<br><br>The property is leased to the Group for a term from January 15, 2013 to January 16, 2016 at a monthly rent of RMB1,500. The property is currently occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 62. | Unit 2/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 54.69 sq m.<br><br>The property is leased to the Group for a term from January 15, 2013 to January 16, 2016 at a monthly rent of RMB1,500. The property is currently occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 63. | Unit 4 of 2/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 47.71 sq m.<br><br>The property is leased to the Group for a term from January 15, 2013 to January 16, 2016 at a monthly rent of RMB 1,500. The property is currently occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |

| | Property | Description and tenure | Market value in existing state as at October 31, 2013 |
|---|---|---|---|
| 64. | Unit 3 of 3/1202, Guang Ming Nian Building, No. 23 Zhu Chi Road, Longhu District, Shantou, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 47.71 sq m.<br><br>The property is leased to the Group for a term from January 15, 2013 to January 16, 2016 at a monthly rent of RMB1,500. The property is currently occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 65. | No. 22 Zhen Hua Road, Da Ling Shan Town, Dongguan, Guangdong, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 10 sq m.<br><br>The property is leased to the Group for a term from February 18, 2012 to February 17, 2014 at a monthly rent of RMB2,400. The property is currently occupied by the Group as office.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 66. | Unit 205, South Building, No. 8 Shenghua Road, Xi District, Zhongshan, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 50 sq m.<br><br>The property is leased to the Group with unspecified lease term. The property is occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |
| 67. | No. 49 Rong Gui Feng Ning Road, Shunde, Foshan, Guangdong Province, the PRC. | The property comprises an office unit.<br><br>The property is leased to the Group for a term from June 10, 2013 to December 1, 2013 with a total rent of RMB9,000. The property is occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |

| | Property | Description and tenure | Market value in existing state as at October 31, 2013 |
|---|---|---|---|
| 68. | Unit of C District, Level 1, No. P2, Block No. 41, District 1, No. 8 Hu Jing Road, Chancheng District, Foshan, Guangdong Province, the PRC. | The property comprises an office unit with a gross floor area of approximately 55 sq m.<br><br>The property is leased to the Group for a term from June 24, 2013 to June 24, 2014 with a total rent of RMB12,000. The property is occupied by the Group for office use.<br><br>According to the PRC legal opinion, the lease has not been registered in the relevant authority. However, it is legal, valid, binding on both parties and enforceable under PRC laws. | No commercial value |

Set out below is a summary of certain provisions of the Amended and Restated Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 14, 2010 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles") comprise its constitution.

## 1. MEMORANDUM OF ASSOCIATION

**(a)** The Memorandum was adopted on November 18, 2013 and states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

**(b)** The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on November 18, 2013 which shall become effective upon [●]. The following is a summary of certain provisions of the Articles:

### (a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

**(b) Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e) Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

**(h) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

**(j) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

**(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

**(m) Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

**(o) Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(p) Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

**(q) Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

**(s) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(u) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

## 3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

### (a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

### (b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

### (c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

**(f) Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from June 1, 2010.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

**(n) Winding up**

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(p) Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(q) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

## 4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the registrar of companies and available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

## A. FURTHER INFORMATION ABOUT OUR GROUP

### 1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on May 14, 2010. We have established a principal place of business in Hong Kong at Room 4106-08, Two International Finance Centre, 8 Finance Street, Central, Hong Kong and were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on November 15, 2013. Ms. Kei and Ms. Li Yan Wing, Rita have been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our corporate structure and our Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Articles of Association is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix IV to this document.

### 2. Changes in the Share Capital of Our Company

As of the date of our incorporation, our initial authorized share capital was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each.

On November 18, 2013, our authorized share capital was increased from HK$380,000 to HK$10,000,000,000 by the creation of an additional 99,996,200,000 Shares.

Immediately following the completion of the [●] (but not taking into account any Shares which may be allotted and issued pursuant to [●] and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the issued share capital of our Company will be HK$500,000,000 divided into 5,000,000,000 Shares of HK$0.10 each, all fully paid or credited as fully paid and 95,000,000,000 Shares of HK$0.10 each will remain unissued.

Save for aforesaid and as mentioned in the section headed "—Resolutions in Writing of the Shareholders of Our Company passed on November 18, 2013" below, there has been no alteration in the share capital of the Company since its incorporation.

### 3. Resolutions in Writing of the Shareholders of Our Company Passed on November 18, 2013

(i) Pursuant to written resolutions of the Shareholders of our Company passed on November 18, 2013:

  (a) the amended and restated Memorandum of Association was approved and adopted;

  (b) the amended and restated Articles of Association were approved and adopted conditional upon and with effect from the [●];

  (c) the authorized share capital of our Company was increased from HK$380,000 divided into 3,800,000 Shares of HK$0.10 each to HK$10,000,000,000 divided into 100,000,000,000 Shares of HK$0.10 each by the creation of an additional 99,996,200,000 Shares of HK$0.10 each;

(d) [●]

(e) [●]

(f) [●]

(g) [●]

**4. Corporate Reorganization**

Please refer to the section "History and Reorganization—Our Corporate Reorganization" in this document.

**5. Changes in the Share Capital of Subsidiaries**

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this document. Save for the subsidiaries mentioned in Appendix I to this document, the Company has no other subsidiaries.

The following alteration in the share capital of our subsidiary has taken place within the two years immediately preceding the date of this document:

| Name of subsidiary | Date of change | Capital before change | Capital after change |
| --- | --- | --- | --- |
| Foshan Nanhai | May 10, 2013 | RMB10,000,000 | RMB30,000,000 |

Save as set out above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

**6. [●]**

**B. FURTHER INFORMATION ABOUT OUR BUSINESS**

**1. Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) an equity transfer agreement dated January 9, 2013 made between Logan Real Estate as transferor and Shenzhen Youkaisi as transferee, pursuant to which Logan Real Estate transferred all of its 100% shareholding in Guangdong Modern Construction to Shenzhen Youkaisi at a consideration of RMB8,150,000;

(b) an equity transfer agreement dated March 8, 2013 made between Logan Real Estate as transferor and Shunde Realty as transferee, pursuant to which Logan Real Estate transferred its 66% shareholding in Logan Sunshine to Shunde Realty at a consideration of RMB6,930,000;

(c) an equity transfer agreement dated June 28, 2013 made between Shenzhen Youkaisi as the transferor and Nanning Property as the transferee, pursuant to which Shenzhen Youkaisi transferred its 51% shareholding in Nanning Jinjun to Nanning Property for a consideration of RMB25,500,000;

(d) the deed of indemnity dated December 3, 2013 given by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries) in respect of, amongst others, taxation and property matters referred to in the paragraph headed "Tax and other indemnities" in this Appendix;

(e) the deed of non-competition dated December 3, 2013 given by our Controlling Shareholders in favor of our Company as detailed in the paragraph headed "Relationship with our Controlling Shareholders—Non-competition Undertakings" of this document; and

(f) [●].

## 2. Intellectual Property Rights of Our Group

*(a) Trademarks*

As of the Latest Practicable Date, our Group was the registered proprietor of, or has been licensed to use, the following trademarks which, in the opinion of our Directors, are material to our business:

| Trademark | Registration Number | Class | Name of Registered Proprietor | Place of Registration | Date of Registration | Expiry Date |
|---|---|---|---|---|---|---|
| 龙光 | 8273903 | 35 | Logan Real Estate | PRC | June 28, 2011 (Note 1) | June 27, 2021 |
| 龍光 | 4145598 | 35 | Logan Real Estate | PRC | October 21, 2007 (Note 1) | October 20, 2017 |
| 龍光 | 4145595 | 36 | Logan Real Estate | PRC | November 7, 2007 (Note 1) | November 6, 2017 |
| 龍光 | 4145584 | 37 | Logan Real Estate (Note 1) | PRC | November 7, 2007 | November 6, 2017 |
| 龍光 | 4145600 | 42 | Logan Real Estate (Note 1) | PRC | October 21, 2007 | October 20, 2017 |
| LOGAN | 4145596 | 36 | Logan Real Estate (Note 1) | PRC | November 7, 2007 | November 6, 2017 |
| LOGAN | 7342568 | 35 | Logan Real Estate (Note 1) | PRC | October 28, 2010 | October 27, 2020 |
| LOGAN | 7344171 | 36 | Logan Real Estate (Note 1) | PRC | October 21, 2010 | October 20, 2020 |
| LOGAN | 7344258 | 37 | Logan Real Estate (Note 1) | PRC | October 21, 2010 | October 20, 2020 |
| LOGAN | 7344372 | 42 | Logan Real Estate (Note 1) | PRC | April 28, 2011 | April 27, 2021 |
| LOGAN | 6981508 | 35 | Logan Real Estate (Note 1) | PRC | November 7, 2010 | November 6, 2020 |

| Trademark | Registration Number | Class | Name of Registered Proprietor | Place of Registration | Date of Registration | Expiry Date |
|---|---|---|---|---|---|---|
| LOGAN | 6981507 | 36 | Logan Real Estate (Note 1) | PRC | June 21, 2010 | June 20, 2020 |
| LOGAN | 6981506 | 37 | Logan Real Estate (Note 1) | PRC | June 21, 2010 | June 20, 2020 |
| LOGAN | 6981505 | 42 | Logan Real Estate (Note 1) | PRC | February 21, 2011 | February 20, 2021 |
| (A) LOGAN (B) LOGAN | 301884169 | 35, 36, 37, 42, 43 | Our Company | Hong Kong | April 8, 2011 | April 7, 2021 |
| (A) LOGAN (B) LOGAN | 301884141 | 35, 36, 37, 42, 43 | Our Company | Hong Kong | April 8, 2011 | April 7, 2021 |
| (A) LOGAN 龙光地产 (B) LOGAN 龙光地产 | 301884187 | 35, 36, 37, 42, 43 | Our Company | Hong Kong | April 8, 2011 | April 7, 2021 |
| (A) 龍光 (B) 龙光 | 301884006 | 35, 36, 37, 42, 43 | Our Company | Hong Kong | April 8, 2011 | April 7, 2021 |
| | 302494521 | 6, 19, 35, 36, 37, 39, 43 | Shenzhen Youkaisi | Hong Kong | January 15, 2013 | January 14, 2023 |

Note 1: On January 8, 2013, Shenzhen Youkaisi, our wholly owned subsidiary, entered into the Trademark Licensing Agreement with Logan Real Estate, pursuant to which Logan Real Estate has granted a non-exclusive license to Shenzhen Youkaisi the right of using the Trademarks on a royalty-free basis within the valid registration period of such Trademark. For further details, please see the section entitled "Connected Transactions—4. Trademark Licensing Agreement" of this document.

As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks:

| Trademark | Application Number | Class | Name of Applicant | Place of Application | Date of Application |
|---|---|---|---|---|---|
| 龙光地产 LOGAN PROPERTY | 11999721 | 35 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 11999795 | 36 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 11999810 | 37 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 11999866 | 41 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 11999921 | 42 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 12000004 | 43 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 12000053 | 44 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 12000086 | 45 | Shenzhen Youkaisi | PRC | January 5, 2012 |
| 龙光地产 LOGAN PROPERTY | 302494512 | 11, 14, 17, 20, 31, 41, 42, 44, 45 | Shenzhen Youkaisi | Hong Kong | January 15, 2013 |

*(b) Domain names*

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, are material to our business:

| Domain name | Name of Registered Proprietor | Date of Registration | Expiry Date |
|---|---|---|---|
| www.loganestate.com | Shenzhen Youkaisi | August 4, 2009 | August 4, 2014 |

**C. [●]**

**1. [●]**

**2. Particulars of Service Contracts**

***(a) Executive Directors***

Each of the Executive Directors has entered into a service contract with our Company under which they agreed to act as Executive Directors for an initial term of three years commencing from the [●], which may be terminated by not less than three months' notice in writing served by either the Executive Director or our Company.

The appointments of the Executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

***(b) Non-executive Director and Independent Non-executive Directors***

Each of the Non-executive Director and the Independent Non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the [●]. Under their respective appointment letters, each of the Non-executive Director and the Independent Non-executive Directors is entitled to a fixed Director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

***(c) Others***

(i) Save as disclosed above, none of the Directors has entered into any service contract 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).

(ii) During the year ended December 31, 2012 and the six months ended June 30, 2013, the aggregate of the remuneration and benefits in kind payable to the Directors was approximately RMB6,856,000 and RMB3,501,000, respectively. Details of the Directors' remuneration are also set out in note 10 of the Accountant's Report set out in Appendix I to this document.

(iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending December 31, 2013 is estimated to be approximately RMB7,000,000.

(iv) None of the Directors or any past Directors of any members of our Group has been paid any sum of money for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

(vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

**3. Competing Interest of Directors**

Please refer to the section "Relationship with Our Controlling Shareholder" in this document.

**4. Fees or Commissions Received**

Save as disclosed in this document, none of the Directors or any of the persons whose names are listed under the section headed "—Other Information—Consents of Experts" below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

**5. Disclaimers**

Save as disclosed this document:

(a) [●];

(b) none of our Directors nor any of the parties listed in the section headed "—Other Information—Consents of Experts" below 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 document, 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) [●];

(d) [●];

(e) none of the 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)); and

(f) none of the Directors, their respective associates or Shareholders of our Company is interested in more than 5% of the issued share capital of our Company has any interests in the five largest suppliers.

## D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders passed on November 18, 2013. The terms of the Share Option Scheme are in accordance with the provisions of [●].

**(a) Purpose**

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

**(b) Who may join**

The Board may, at its discretion, offer to grant an option to the following persons (collectively, the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below to:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any Directors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers agents, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK$1.00 (or an equivalent amount in RMB) to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

**(c) Maximum number of Shares**

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the [●], being 500,000,000 Shares, excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the [●] from time to time, the Board may:

(i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under [●] and the disclaimer required under [●].

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (q) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

**(d) Maximum number of options to any one individual**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company which shall comply with [●] containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under [●]; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the [●] from time to time with such Eligible Participant and his associates (as defined in the [●]) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

**(e) Price of Shares**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) [●];

(ii) [●]; and

(iii) the nominal value of a Share,

[●].

**(f) Granting options to connected persons**

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the [●]) of our Company or any of their respective associates (as defined in the [●]) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the [●]) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the [●] of the Shares in issue; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the [●], based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting by way of a poll at which all connected persons of our Company shall abstain from voting in favor of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the [●] from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under [●]; and

(iv) the information required under [●].

**(g) Restrictions on the times of grant of Options**

A grant of options may not be made after inside information has come to its knowledge until such inside information has been published pursuant to the requirements of the [●]. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting for the approval of our Company's annual results, half-year, quarterly or other interim period (whether or not required under the [●]);

(ii) the deadline for our Company to publish an announcement of results of the Company for (i) any year or half-year period in accordance with the [●]; and (ii) any quarterly or any other interim period, where the Company has elected to publish such results (whether or not required under the [●]), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be), and where the grant of options is to a Director;

(iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

**(h) Rights are personal to grantee**

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do. Any breach of the foregoing shall entitle the company to cancel any outstanding Options or any part there of granted to such Granted.

**(i) Time of exercise of Option and duration of the Share Option Scheme**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

**(j) Performance target**

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

**(k) Rights on ceasing employment or death**

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

(i) by any reason other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph (r)(v) below, the grantee may exercise the option up to the entitlement of the grantee as of the date of cessation (to the extent not already exercised) within a period of one months from such cessation; or

(ii) by reason of death, ill-health, injury or disability, the grantee or his personal representative(s) may exercise the option within a period of 12 months from such cessation or death of such grantee, which date of cessation shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

**(l) Rights on dismissal**

If the grantee of an Option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our group, or has been convicted of any criminal offense involving his integrity or honesty, his Option will lapse and not be exercisable after the date of termination of his employment.

**(m) Rights on takeover**

If a general or partial offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders during the option period of the relevant option, the grantee of an option notwithstanding any other terms on which the Options were granted, shall be entitled to exercise the Options (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

**(n) Rights on winding-up**

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

**(o) Rights on compromise or arrangement between our Company and its members or creditors**

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme of arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day 12 noon (HK time) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

**(p) Ranking of Shares**

No dividends shall be payable in relation to shares that are the subject of options that have not been exercised. The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise. Shares issued on the exercise of an option shall not be entitled to any rights attaching to shares by reference to a record date preceding the date of allotment.

**(q) Effect of alterations to capital**

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company in accordance with applicable laws and regulatory requirements, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with [●] and the note thereto and the supplementary guidance issued by [●] and any future guidance and interpretation of the [●] from time to time.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value.

The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

**(r) Expiry of option**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;

(iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with our group on any one or more of the following grounds:

(1) that he has been guilty of serious misconduct;

(2) that he has been convicted of any criminal offense involving his integrity or honesty or in relation to an employee of our group;

(3) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or

(4) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's

service contract with our group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (t) below.

**(s) Alteration of the Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in [●]; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall remain in compliance with [●] and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

**(t) Cancellation of Options**

Subject to paragraph (h) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

**(u) Termination of the Share Option Scheme**

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

**(v) Administration of the Board**

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

**(w) Condition of the Share Option Scheme**

The Share Option Scheme is conditional on:

[●]

**(x) Disclosure in annual and interim reports**

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the [●] in force from time to time.

**(y) Present status of the Share Option Scheme**

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

## E. OTHER INFORMATION

### 1. Tax and other indemnities

Our Controlling Shareholder has entered into the Deed of Indemnity with and in favor of each member of our Company (being the contract referred to in paragraph (a) of the section headed "—Further Information About Our Business—Summary of Material Contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the [●] becomes unconditional.

### 2. Litigation

As of the Latest Practicable Date, we were not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

### 3. [●]

[●]

### 4. [●]

[●]

### 5. [●]

[●]

### 6. [●]

### 7. [●]

### 8. [●]

### 9. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(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 founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(iv) 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; and

(v) 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) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2013 (being the date to which the latest audited consolidated financial statements of the Group were prepared); and

(ii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document.

(c) [●]

(d) All necessary arrangements have been made to enable our Shares to be admitted into [●] for clearing and settlement.

(e) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(f) The Directors have been advised that, under the Companies Law, the use of a Chinese name by the Company for identification purposes only does not contravene the Companies Law.

(g) [●]